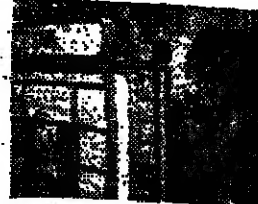
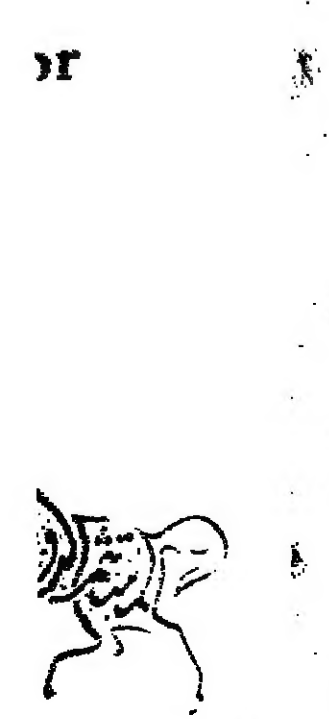


index...  
The...  
COPENHAGEN...  
VIENNA...  
TEL AVIV...  
e June

By...  
AUSTRALIA...  
NEW ZEALAND...  
e June



# Labour flexibility

What can Europe do to create jobs?

Page 3



# Life on the ocean wave

Why designing cruise liners is ship-shape

Page 8



# A chip off the old Boss

Clinton picks Bill Daley to twist arms for Nafta

Page 5



# Silicon turns to gold

Why Intel has such a huge 'brand value'

Page 7

# FINANCIAL TIMES

Europe's Business Newspaper

THURSDAY SEPTEMBER 2 1993

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## Kohl dispels fears that farm deal will be renegotiated

Chancellor Helmut Kohl yesterday moved to dispel fears that Germany might back French demands for a renegotiation of the Blair House EC-US accord on farm trade.

"The German position regarding Blair House is unchanged," Mr Kohl said after meeting Gatt general secretary Peter Sutherland. Page 12.

Paris unveils trade plan for EC, Page 5; Chicago back-room operator to sell Nafta, Page 5.

**Ciba-Geigy:** Alex Krauer, chairman of the diversified Swiss chemicals and pharmaceuticals group, said growth would be limited "by the present unfavourable conditions of our business environment" as he reported an 8 per cent slide in net income from ordinary activities in the first half to SF1.4bn (\$854m). Page 13; Lex, Page 12.

**Call on social security:** Britain wants fellow European Community members to reform their social security systems to cut the cost of employment and review existing and proposed EC social legislation in the light of its impact on job creation. Page 12; Europe - the jobs crisis, Page 3.

**Former Financial Times editor dies**

Former Financial Times editor Max Henry Fisher (left), always known as Fredy, died on Sunday, aged 71. A convinced European, his editorship from 1973 to 1980 set the FT on its path as a European journal of information and opinion. It was during his time as editor that the Frankfurt edition of the paper was launched. Page 10.

**Eastman Kodak,** US film company, has filed an anti-dumping petition against Japanese manufacturers for allegedly selling colour photographic paper in the US at prices below those in their domestic market. Page 5.

**Blow to shipyard:** Prospects for Swan Hunter, struggling UK warship builder, have suffered a further blow with the loss of a £50m (\$74.5m) Omani order to the French shipyard Constructions Mécaniques de Normandie. Page 6.

**Hope over brain diseases:** Animal studies at University College, London, involving transplanting nerve cells from a rat's gut into its brain could point the way to a method of fighting human degenerative disorders, notably Huntington's Chorea and Parkinson's disease. Page 12; Health cards may list personal risks, Page 6.

**Tate & Lyle:** Shares in the UK sugar and sweeteners group fell 26p to 379p (\$5.6) after it said profits for the year to September 25 would fall short of the 1991 level, although they would show "a marked improvement over those achieved last year". Page 13; Lex, Page 12.

**Fighting talks:** German industry is in danger of toppling into a domestic battle with "everyone against everyone else" as it struggles to master its current costs crisis, according to Helmut Werner, chairman of Mercedes-Benz. Page 2.

**Liton Industries,** Californian technology group, has been awarded \$1.2bn by a Los Angeles jury for the alleged infringement of a patent by Honeywell, Minnesota-based controls company. Page 15.

**Club Med profit warnings:** The summer holidays have come to an abrupt end for Club Med, one of France's largest leisure and travel groups, which warned that the effects of recession and political problems in some of its resorts could cause a pre-tax loss in the second half, which started at the end of April. Page 13.

**Japan moves to reform economy:** Japan's new government has proposed 60 economic deregulation measures in the first step of a broad campaign to curb costly anti-competitive practices and pave the way for deep reforms in the country's economic structure. Page 4.

**Elephants kill 12 more:** Wild elephants have killed at least 12 more people in India's northeastern Assam state this week, causing panic-stricken people to flee their homes, local news agencies said yesterday. The incident follows attacks last week when a rogue elephant killed 44 people in the Sonitpur district of Assam.

**India cuts rates again:** India cut interest rates in an attempt to reverse a two-year slowdown in economic growth. The government believes that, without more signs of growth, Indians could become disenchanted with its programme to moderate and open up the economy. Page 4.

STOCK MARKET INDICES		STERLING	
FT-SE 100	3098.1 (-14.9)	New York lunchtime	\$ 1.5085
Yield	3.73	London	\$ 1.5075 (1.8875)
FT-SE Eurostoxx 100	1265.83 (-14.33)	DM	2.5025 (2.495)
FT-AK-Share	1530.09 (-0.5%)	FF	8.7775 (8.72)
Nikkei	20,953.30 (-73.30)	SFR	2.2 (2.2025)
New York lunchtime		Y	169.25 (165.78)
Dow Jones Ind Ave	3043.71 (-7.54)	E index	\$1.0 (80.3)
S&P Composite	462.43 (-1.13)		
US LUNCHTIME RATES		DOLLAR	
Federal Funds	3.1%	New York lunchtime	DM 1.8573
3-Month Treas Bill Yld	3.125%	FF	5.2225
Long Bond	102.5	SFR	1.6745
Yield	6.08%	Y	165.325
LONDON MONEY		DM	1.6595 (1.678)
3-Month Interbank	5.12% (5.1%)	FF	5.2225 (5.2625)
Libor 6m future: Sep 11/43 (Sep 11/45)		SFR	1.678 (1.68)
NORTH SEA OIL (August)		Y	105.7 (104.7)
Brent 15-day (Oct)	\$16.83 (17.0)	S index	65.4 (65.7)
Oil Gold			
New York Corn (Sep)	\$389.9 (375.7)		
London	\$389.75 (371.35)	Tokyo close Y 104.94	

Austria	DM3.30	Meta	DM3.30	S. Arabia	SR11
Belgium	DM1.250	Germany	DM1.250	Singapore	S\$4.10
Denmark	DKK1.250	France	FF1.250	South Africa	R12.00
Finland	FMk1.250	Italy	Lit1.250	Spain	Ptas100
France	FF1.250	Japan	Yen1.250	Sweden	SKr1.250
Germany	DM1.250	Netherlands	Fl.1.250	Switzerland	Sfr1.250
Greece	Dr1.250	Portugal	Esc1.250	Taiwan	NT\$1.250
India	Rs1.250	Spain	Ptas1.250	Thailand	THB1.250
Indonesia	Rp1.250	Sweden	SKr1.250	Turkey	Lira1.250
Italy	Lit1.250	Switzerland	Sfr1.250	UAE	Dirh1.250
Japan	Yen1.250	Taiwan	NT\$1.250		
Korea	Won1.250	Thailand	THB1.250		
Malaysia	RM1.250	Turkey	Lira1.250		
Netherlands	Fl.1.250	UAE	Dirh1.250		
Portugal	Esc1.250				
Spain	Ptas1.250				
Sweden	SKr1.250				
Switzerland	Sfr1.250				
Taiwan	NT\$1.250				
Thailand	THB1.250				
Turkey	Lira1.250				
UAE	Dirh1.250				

## Arafat battles to persuade PLO chiefs over peace deal

By Julian Ozzane in Jerusalem and James Whittington in Amman

MR YASSIR ARAFAT, chairman of the Palestine Liberation Organisation, was last night battling to persuade his senior colleagues in Tunis to sign an unprecedented mutual recognition accord with Israel, Jordan, meanwhile, said it would sign a preliminary peace agreement with Israel in Washington.

At PLO headquarters in Tunis, Mr Yassir Arafat-Rabbat, an executive committee member, said a recognition accord could be signed within days and would be agreed before the signing of an Israeli-Palestinian peace deal.

Mr Shimon Peres, Israel's foreign minister, shared the optimism and said Israel was ready to sign a recognition agreement as soon as the PLO had agreed to annul

its charter calling for the violent annihilation of the Jewish state.

Mr Peres, who arrives in Brussels today to lobby EC officials for aid to Palestinians, also said that the mutual recognition accord was separate and independent from a peace deal with Palestinians on interim self-rule.

He said the Israeli-Palestinian declaration of principles on self-rule for 1.5m Palestinians in the occupied West Bank and Gaza Strip, which includes Israeli military withdrawal from Gaza and the West Bank town of Jericho, "stands on its own legs" and was not dependent on a recognition deal.

In Amman, Mr Abdul Salam al-Majali, Jordanian prime minister, told the Financial Times he expects a Jordanian-Israeli declaration of principles to be signed during this round of Middle East peace talks in Washington.

- Peres outlines vision of peace
- PLO meets to discuss terms
- Nordic rescue package
- Rabin's gambit dishes the Israeli right

PAGE 4

He said an "agenda" between Jordan and Israel had been near completion for months but the Jordanian government had held back from signing to allow the Palestinians time to agree on an initial settlement.

The agenda - which contains the framework for a peace agreement - is thought to include Israel's return of two strips of land and increased Jordanian water rights from the Jordan and Yarmouk rivers. It outlines the right of return of around 100,000 Palestinian refugees who fled to Jordan after the 1967 war when

Israel seized the West Bank.

In Jerusalem, Mr Peres agreed that a Jordanian agreement could be signed "tomorrow" and said the last Israeli-Jordanian rounds of talks had discussed only minor details.

The rapidly developing Israeli-Palestinian-Jordanian breakthrough showed signs of triggering possible progress in the two other tracks of the Middle East peace process - the Israeli-Syrian and Israeli-Lebanese talks. A PLO official said Spain was hosting secret talks among the three parties and that a draft Israeli-Syrian deal on Israeli withdrawal from the Golan Heights in return for full peace was close.

Israel and Syria issued vehement denials of the claim, while the Spanish foreign ministry refused either to confirm or deny such talks were taking place.

Peace talks between Israel and

Syria over the Golan Heights have been stalled as Israel insisted on Damascus spelling out its agreement to a full peace pact including open borders and diplomatic relations before Jerusalem was prepared to state the extent of its withdrawal from the occupied land. The talks have also been stuck on Israel's demand for security guarantees including a period of demilitarisation of the area.

Israel has said only when agreement with Syria is reached will it be able to strike a peace deal with Lebanon involving the withdrawal of Israeli troops from a self-declared security zone.

Mr Peres said a signing ceremony of the Israeli-Palestinian peace accord and approval by Israel's parliament would take place within two weeks.

Peres outlines vision, Page 4

## US cuts economic growth forecasts

By Michael Prowse in Washington

THE CLINTON administration yesterday sharply reduced its forecasts of US economic growth, predicting that real gross domestic product would expand by only 2 per cent this year, not 3.1 per cent as forecast in April.

The new projection represents a halving of the economic growth rate since last year. Revised figures released this week showed that real GDP grew 3.9 per cent in 1992.

The administration also revised down its growth projections for next year from 3.3 per cent to 3 per cent.

But the White House, in its "mid-session" economic review, released more optimistic estimates of future budget deficits. The federal deficit is now expected to fall from \$285bn this fiscal year, which ends September 30, to \$179bn by fiscal 1996. Previously it had projected a decline from \$322bn to \$312bn over the same period.

Economic data released yesterday also pointed to continuing lacklustre economic growth.

The Purchasing Managers' Index - a guide to the health of manufacturing industry - was 49.3 per cent last month, slightly down from July. Readings below 50 per cent are regarded as a sign

## White House to redirect US defence effort

By George Graham in Washington

THE CLINTON administration has unveiled a strategic defence plan aimed at US forces being able to win two nearly simultaneous regional conflicts as the country moves from its cold war goal of defeating the Warsaw Pact.

The plan, which follows a five month "bottom-up review" ordered by Mr Les Aspin, the defence secretary, would reduce US troop strengths by around 150,000 to 1.4m by the year 1999, and would cancel weapons development programmes such as the Navy's AFX bomber and the Air Force's future multi-role fighter.

The review proposes keeping around 100,000 troops in Europe and 100,000 in Asia for the foreseeable future.

Mr Aspin said the new force structure, including 10 active Army divisions, 11 Navy aircraft carrier groups with one reserve carrier, and 13 active Air Force fighter wings, had been dictated mainly by the need to prepare for regional contingencies such as the Gulf war or a potential conflict with North Korea.

"The regional danger is the main thing that drove the size of the defence establishment that we are presenting," Mr Aspin said, adding that enhanced mobility and improved weaponry would also make US forces better

adapted to this kind of conflict. The review recommends keeping enough troops to handle two regional conflicts at the same time, but economises on sea and air transport, expecting that the US will not need to lift more than one army at a time into war zones.

Mr Aspin declined to detail the budget implications of the review until next week, but defence analysts said it would result in only small savings from the earlier Base Force plan developed under former president George Bush.

The Washington Post reported earlier this month that the plan would cost about \$20bn more over the next five years than President Bill Clinton has budgeted for.

The Aspin plan, approved by Mr Clinton earlier this week, would retain two fewer active army divisions than the Bush proposals. It would keep the same number of carrier battle groups - although with one of the carriers in reserve - and just over two fewer air wings.

The review had been widely expected to recommend the cancellation of the AFX, which the Navy wanted to replace its ageing A-6, and of the MRF. Congress may, however, take issue with some of the other elements in the plan.

Aspin sets the stage, Page 6

## Murdoch plans new Asian channels, German pay-TV

By Raymond Snoddy in London

MR RUPERT MURDOCH, chairman of News Corporation, one of the world's largest media companies, last night outlined ambitious plans for expansion including a German television deal and new channels including a "open university" for Asia.

The announcements came as Mr Murdoch addressed a banquet in London to mark the launch of a new multi-channel satellite TV package that will make up to 20 channels available in the UK.

Mr Murdoch said five of the world's biggest industries - computing, communications, consumer electronics, publishing and entertainment - were converging into a dynamic whole. He outlined a series of deals, acquisitions and developments designed to ensure that News Corp will be "part of this process of economic expansion".

They included:

● A deal between Pro 7, the German broadcaster associated with the Kirch Corporation, to develop pay television in Germany covering as many as six channels. Eventually, Mr Murdoch said, the service could be available to 100m German-speaking viewers.

● The launch in Asia of a wide range of new programming including an "open university", and educational channels using the Star satellite system in which News Corp recently bought a controlling interest.

● A deal with Televisa of Mexico to produce 500 hours of multi-lingual popular drama. The soap operas will first be shot in Spanish then redone on the same set using the same script using American actors.

● A deal in the UK with British Telecom and Cellnet to explore digital "super highways of the future" with a 500-home experi-

ment combining access to telecommunications, TV shows, movies and specialist information.

News Corp also spent \$12m last week on acquiring a small electronic publishing company Delhi Internet Services which can handle electronic newspapers.

Mr Murdoch's company owns the Fox television network in the US, where it also publishes TV Guide, the New York Post and the Boston Herald. In the UK, it owns five national newspapers, including The Times and the tabloid Sun, the country's largest selling daily.

News Corp controls the satellite broadcaster BSkyB (in which Pearson, owner of the Financial Times, has a stake), Hong Kong-based Star TV and the South China Morning Post. It also owns the Australian, a national newspaper in its native country.

Sky's new package, Page 6



Russian vice-president Alexander Rutskoi yesterday faced dismissal by president Boris Yeltsin for alleged corruption. Page 2

## Bosnian talks fail over land demands

By Laura Silber and Frances Williams in Geneva and Gillian Tett in London

THE BOSNIAN peace talks in Geneva broke down yesterday after the Croat delegation said there was no hope of reaching a settlement.

The impasse emerged after Serb and Croat delegations refused to accept Moslem demands for further territory, diplomats said.

Croatian President Franjo Tudjman said the talks were called off without agreement on a map for Bosnia's ethnic carve-up and blamed their failure on "new" Moslem demands.

He told reporters: "I am leaving Geneva, all the participants are leaving Geneva."

The sudden impasse surprised observers after a day in which all three sides had indicated they were on the verge of signing an agreement.

Earlier, the Moslem-led Bosnian government had laid the ground for a possible agreement by scaling back its demands for territorial concessions. Mr Alija Izetbegovic, Bosnia's Moslem president, put forward a proposal that his republic should receive an additional 4 per cent of land on top of the 28 per cent already allocated under the proposed partition. Previous Moslem proposals have demanded at least 10 per cent more land.

For their part, the Bosnian Serbs were reported to have offered the mostly Moslem Bosnian government full land access to the Moslem enclaves in eastern Bosnia.

Diplomats said, however, that last-minute disputes over the division of land led to the breakdown. One said: "They may not be over for good but for the time being the talks are over."

Members of the Moslem delegation were reported to be in tears as the Croats left. They were reported to have feared that the talks were the last chance for them to achieve a viable settlement.

A key sticking point appeared to be Moslem demands for a land connection to the sea and the Adriatic port of Neum.

Citing "historical" precedent, President Tudjman rejected Mos-

Continued on Page 12

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## NEWS: EUROPE

# Fighting talk by German car chief

By Christopher Parkes in Frankfurt

GERMAN industry is in danger of toppling into a domestic battle with "everyone against everyone else" as it struggles to master its current costs crisis, according to Mr Helmut Werner, chairman of Mercedes-Benz.

Such a clash would be part of the penalty to be paid for management's tendency in the past to place too much emphasis on harmony and not enough on competitiveness, he told journalists. He appealed for a "constructive conflict" in which participants would find a path between the extremes of the traditionally cosy industrial relationships and damaging in-fighting.

Speaking as head of the central pillar of Germany's biggest industrial concern, Mr Werner clearly marked out Daimler-Benz's position in a rapidly intensifying national debate on the country's economic and social future.

The Bonn cabinet is expected today to approve a government paper on possible cures for the rigidity of the nation's industrial and social structures, and what is called its "growing unwillingness to accept innovation and change".

While the economy as a whole is burdened with the immense costs of unification, Germany's export-oriented industry is struggling to adapt to increased global competition. The motor industry, labouring under a 30 per cent cost disadvantage against the Japanese, is under unprecedented pressure.

Mr Werner implicitly rejected the rough-and-ready attempts by some companies, notably Volkswagen, to force concessions out of suppliers.

He also refused to accept the continuation of the "inhibiting social comfort consensus", in

Industrial production in west Germany rose a provisional 0.5 per cent in July.

Manufacturing output rose 1 per cent, more than compensating for a 2.5 per cent drop in mining and a 3.3 per cent fall in construction, the Economics Ministry said yesterday.

However, it warned that following an upward revision of the June month-on-month figures, it expected a downward revision for July. The region's seasonally-adjusted index of industrial production stood at 111.6 at the end of July, compared with 110.6 in April and the second quarter average of 111.0.

Aggregate figures for June and July, compared with the April and May total (a measure considered less subject to short-term distortions) also showed a 0.5 per cent improvement.

which the avoidance of friction between labour and management, and even between companies, was considered paramount.

But he made plain his belief that the core strengths of the German way of doing business could be restored to the national advantage. "It is our job to reactivate German management culture: a symbol of creativity and efficiency," he said.

Mercedes itself aimed to improve productivity by 15 per cent next year, partly by shedding 14,000 jobs. "Productivity in stagnating markets must be paid for with jobs," Mr Werner said.

Hinting at future workforce reductions, he said that in order to remain competitive, German manufacturers would have to improve productivity by 40 per cent in the next few years.

# Dismissal of vice-president Rutskoi raises constitutional doubts Yeltsin tells rival he is sacked

By John Lloyd in Moscow

PRESIDENT Boris Yeltsin of Russia yesterday ordered the sacking of his vice-president and most dangerous political challenger, in what his opponents have dubbed the opening of his "September offensive" against his enemies.

The attempt to dismiss Mr Alexander Rutskoi for alleged corruption appears to be unconstitutional and was declared so by Mr Ruslan Khasbulatov, leader of the anti-Yeltsin parliament.

The sacking of the vice-president was "balanced" by the dismissal of Mr Vladimir Shumeiko, first deputy prime minister and a Yeltsin ally. How-

ever, Mr Shumeiko announced later that he had been released from his duties at his own request.

Both dismissals were said to be "temporary", and both derive from alleged misuse of state funds earmarked for essential imports, allegations about which have been traded freely between the two men.

They come at a time when the political situation in Russia has deteriorated into a static confrontation between the various levels of authority - a situation which threatens to impede economic reform and continued financial assistance from the west.

Though Mr Yeltsin has a history of avoiding decisive con-

frontations, the attempt to dismiss Mr Rutskoi pits him squarely against his opponents and may herald a new round in the struggle for power between president and parliament.

Significantly, the move was made the day after Mr Yeltsin inspected the army's crack Tuman division near Moscow, units of which protected him during the abortive coup in August 1991.

Both Mr Rutskoi and Mr Shumeiko are under investigation, although Mr Gennady Ponomarev, Moscow public prosecutor, told a newspaper yesterday that "we do not see a crime" in the evidence presented about Mr Rutskoi. The vice-president, speaking from

northern Russia, said that "this man [Yeltsin] has put himself above the fundamental laws of the constitution".

A statement from the presidential office said the dismissals had been made "in connection with the harm mutual accusations of corruption by the two men bring to the state".

Mr Yeltsin justified his action on the constitution he has vowed to replace. But none of the clauses cited includes the right to sack his vice-president, who was elected with him in June 1991.

The dubious constitutional validity of the decrees sets Mr Yeltsin directly against a parliament which sees its main

task as defending the existing Soviet-era constitution. Mr Mikhail Mitukov, chairman of parliament's legislative committee, said: "The president cannot deprive the vice-president of his status, since they were elected at the same time."

Mr Ilya Konstantinov, leader of the opposition National Salvation Front, said: "This is obviously the first decision in a series of actions combined under the slogan of 'September offensive' which the president promised us."

Even Mr Andranik Migranyan, a presidential council member, said the news was "completely unexpected" and admitted that "perhaps he does not have the right to do it".

# France may alter asylum controls

By John Ridding in Paris

THE French constitution may have to be amended to strengthen controls against political asylum-seekers, Mr Edouard Balladur, the prime minister, said yesterday.

But in an attempt to defuse a potentially damaging dispute with Mr François Mitterrand, the Socialist president, Mr Balladur, a conservative, said he favoured a minor revision of the constitution through parliament, rather than a national referendum on the issue. He said a final decision would be taken following further talks with Mr Mitterrand.

Pressure to revise the constitution was triggered by a ruling last month from France's constitutional council.

The council struck out elements of a tough new anti-immigration law drawn up by Mr Charles Pasqua, the interior minister, and said that asylum-seekers had to be guaranteed the right to apply for refuge in France and to appeal against rejections from other European Community states.

Mr Pasqua, who argues the freedom of movement in the EC would prompt a flood of asylum-seekers into France, has called for a revision of the constitution to prevent such an outcome. But President Mitterrand, seeking to protect the rights of political refugees, has resisted constitutional reform.

Mr Balladur, faced with a serious challenge to the harmonious "cohabitation" he has enjoyed with Mr Mitterrand since taking office in March, has sought a compromise solution.

There are currently about 4m legal immigrants in France and an estimated 1m illegal immigrants. Economic recession and the influx of émigrés from eastern Europe have heightened concerns on the issue.

# Finnish premier insists EC must change policy

By Hugh Carnegie in Helsinki

THE European Community must accept the need for policy changes to accommodate the proposed accession of the three Nordic applicants, Finland, Norway and Sweden, Mr Esko Aho, the Finnish prime minister, said yesterday.

Spelling out Helsinki's position ahead of what will be the toughest phase during the autumn of the simultaneous accession talks between Brussels and the three, Mr Aho said the climatic and geographic conditions of the region warranted financial support for sectors such as agriculture.

"We cannot change the climate. The main question is whether we are able to get such support which creates even rules for competition for Finnish farmers and farm industries," he said.

Officials said position papers approved this week by Mr Aho's centre-right government, which will be put to Brussels as early as today, demanded

EC subsidies for Finnish farmers worth Fmk3.5bn (€407m) a year, with a further Fmk3.5bn coming from the Finnish government. They also call for the maintenance for a transitional period of trade barriers to protect the Finnish food processing industry and EC aid for remote Arctic and sub-Arctic regions.

The EC has signalled sympathy for the special needs of the Arctic regions, but has yet to show its hand on the question of new subsidies, particularly given the severe constraints on its budgets.

"That is the problem, maybe, inside the Community. It means that they have to accept, in a way, new policies when Portugal and Spain joined. Then it was the southern approach. Now it is a question of the northern approach," said Mr Aho in an interview.

"These positions we have presented are based on Community systems so that Com-

munity logic is the basis of our demands," he said. Negotiations with Finland have been considered the least difficult of the three sets of Nordic accession talks (negotiations are also under way with Austria) as public feeling remains hostile to the EC in Sweden and especially Norway. But opinion is still finely balanced in Finland and Mr Aho, whose party is split on the issue, is anxious to drive as hard a bargain as possible with Brussels to ensure victory in a referendum promised before scheduled accession in 1995.

He also clearly believes the recent crises within the community on the Maastricht treaty and on currency co-operation have increased the EC's need to score a success in the enlargement talks, thus strengthening the Nordic countries' bargaining positions. "If the Community is not able to reach its goals in this field, I think somebody is going to ask what is going to happen to the Community," he said.

# Western groups to buy more from the east

By Judy Dempsey in Potsdam

WESTERN Germany's largest companies plan to double their purchases from eastern German enterprises by 1995 despite high labour costs and low levels of productivity in the five new Länder, the Federation of German Industry announced yesterday.

The project to "buy east German", launched last February, is aimed at reviving the region's economy. It is supported by a range of west German's biggest companies, including motor manufacturers and retail and mail-order chains. Although it is progressing slowly, several purchasing managers from west Germany said yesterday they would help improve the quality, marketing and efficiency of goods bought in the east.

When the project was launched purchases of east German goods and services by western German companies since early 1991 totalled DM14bn (€5.8bn), against eastern purchases from western Germany amounting to DM17.4bn. Ms Birgit Breuel, president of the Treuhand privatisation agency, said this

would reach an annual figure of DM25bn by early 1995.

"There are goods to be bought. This offensive is aimed at integrating the two economies," she said yesterday. The long-term effects of the scheme, she added, would entail transferring crucial "know-how" and management skills to the east.

Some companies - Audi, for example - have set up a special east German section in its purchasing department. Mr Erich Schmitt, a member of Audi's management board, said the company had already spent DM600m a year on buying spare parts from eastern Germany. The enterprises in the new states have to "know what we want. Despite the high labour costs, there are some advantages. Since productivity is so low, we can improve the efficiency fairly quickly."

"There is greater scope for more flexibility."

"We have to get it into our heads that eastern Germany is a place which we must automatically include in our contracts. That demands a change in the mentality of western German businesses," he added.

# Swedes find hard times far from over

The biggest problems are still very much there, writes Hugh Carnegie

JUST as the Swedes were beginning to believe the worst was behind them in the country's deepest recession since the 1930s, a leaked report last week from the International Monetary Fund highlighting the dire state of the public finances came as a painful warning that the hard times are far from over.

Rising exports - boosted by last year's big devaluation of the Swedish krona - improving industrial profitability and tumbling interest rates had combined over the summer to produce a conviction that the economy had at last touched bottom after more than two years of decline. The stock market boomed through the spring and summer and all the forecasts were of a return to growth, albeit modest, by 1994.

The consensus that the economy will expand by around 1 per cent next year, after three years in which it will have shrunk by nearly 5 per cent, has not changed. But the IMF report provided a stern reminder of how far Sweden still has to go in the struggle for sustained recovery.

"People are longing for good news and there is some," commented Mr Hubert Froument, chief economist at Swedbank. "But we shouldn't over-estimate the good news. We still

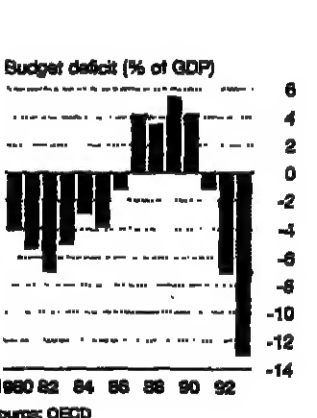
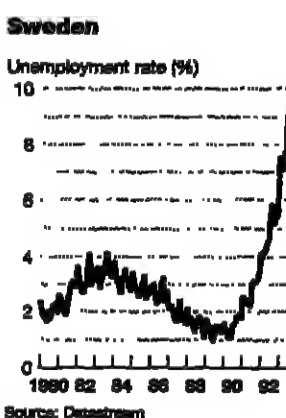
have a lot to do."

Two deeply entrenched problems - unemployment and the yawning budget deficit - still loom ominously over the economy. Tackling them means confronting the issue of how much further Sweden must go in reforming its famously extensive welfare and social security structures.

The IMF report, according to newspaper reports that have not been denied, in effect called for much greater dismemberment of the "Swedish model". It criticised the level of public spending for having "weakened incentives to work and to save", created "a crippling high level of overall taxation" and produced a "public sector deficit that dwarfs those in other industrial countries".

It said the government's plan to cut SKr10bn (€333m) in spending and bring the deficit down from what it estimated to be more than 16 per cent of gross domestic product (higher than other estimates) now, to 4.3 per cent in 1995 was inadequate. It said cuts should be doubled to SKr20bn a year.

Prime minister Carl Bildt's centre-right government was not much out of sympathy with the thrust of the IMF criticism. It came to power in 1991 committed to stripping back



the state's role in the economy and cutting taxes. But the depth of the recession - and especially an unprecedented real jobs rate of 13 per cent of the labour force - has limited its options.

The fear is that too hard a fiscal squeeze could jeopardise the return to economic growth. In any case, Mrs Anne Wibble, the finance minister, is already under fire from the Social Democratic opposition for her medium-term plan to cut SKr25bn in transfer payments and SKr35bn in public consumption.

With a general election due in September 1994, the government is hoping conditions will have improved sufficiently by

then to head off the Social Democrats, who have abandoned a consensus approach on the economy and want a shift towards stimulating consumption, given the low level of inflation.

There are signs of a turnaround around industrial output bottomed out at the turn of the year and is set to rise by more than 2 per cent in 1993 as a whole. Exports are rising sharply, up 15 per cent this year, in large measure due to a more than 20 per cent depreciation in the Swedish krona since it was floated last November.

The government can claim that reforms it has enacted - chiefly cuts in corporate

and marginal income taxes made early in its tenure - have helped create a climate for recovery. But it faces a bleak outlook on what amounts to the central political issue, unemployment.

The export-oriented sector may be producing and earning more, but it is not adding significantly to its workforce. The domestic economy is still mired in recession and is not expected to return to growth at least until late next year. Unemployment is likely to peak at up to 18 per cent just before the election.

Government policies are partly responsible. Cuts in public spending and measures to increase savings, by cutting the tax deductibility of interest payments, are holding down demand. There is a lag in the stimulation effect from falling interest rates as households and companies prefer to unwind debt rather than spend or expand. Private consumption is set to fall by nearly 4 per cent this year and remain negative next year.

The question is not whether the government will adopt the IMF's way, but whether it can stick to the more modest path it has set itself. With the election clock starting to tick, it will be a hard enough road to follow.

# González attempts to force the pace on pay policy

Spain's PM has thrown off post-election lethargy and is aiming for an agreement this month, writes Peter Bruce in Madrid

THE END of the August holiday is stressful for Spaniards. They go quiet, sleep badly and snap at their friends. The meeting today in Madrid between the government, unions and employers, to try to negotiate an incomes policy, promises to be trying.

This is not least because, having done little about Spain's recession since winning a fourth term in the June 8 general election, Mr Felipe González wants a three-year "social pact" agreed by September 30, when the draft of the 1994 budget first gets to parliament.

Agreement on wage moderation has become the centrepiece of his efforts to pull Spain out of recession and it may also affect his own political survival. Hasty deals are the stuff of Spanish politics, though, and the pact the government is looking for - a near freeze on wages and dividends next year and small rises in 1995 and 1996 - could easily be settled on time.

Mr González needs the deal in place quickly in order to make next year's deficit-cutting budget look plausible. He has developed a grudging respect for the market forces which battered the peseta into three

devaluations in the past year and now appreciates the need to match his reputation for pragmatic policymaking with policies that are actually carried out. Spain has strayed well beyond its budgeted deficits ever since it joined the European Community in 1986.

Luckily, the government has had a relatively happy summer. Despite record 21.2 per cent unemployment and the recession, the Madrid stock market has recovered to levels not seen since before the Gulf war and foreign investors have been flocking to auctions of government bonds. The peseta has shown great strength against the D-Mark, despite the loosening of its float.

But this is all based on hopes that Spanish interest rates will fall, and that will only begin to happen if the Bank of Spain has its way. If wage growth slows and the budget holes the public deficit in check.

Neither the unions nor employers have been complimentary about an

incomes policy but, as talks begin, it is going to be hard for either to be spoilers without being obvious. The government will make concrete proposals: wage freezes next year in the civil service and public companies and a ceiling of around 2.5 per cent in the private sector. Companies would be asked to limit dividends.

Officials insist the government, purged of expensive left-wingers, is going to be tough. "We have to stabilise this economy," says an aide to the new finance minister, Mr Pedro Solbes. "If we have deficits, they should be the deficits we budget for."

By July the public deficit (central government plus social security) was 65 per cent bigger than last year's, worth nearly 6 per cent of gross domestic product as the recession hit tax revenues and boosted unemployment benefits. To finance its borrowings, Spain will spend nearly 5 per cent of its GDP this year just paying interest. Overall, public debt

is worth 45 per cent of GDP now, say officials, and if nothing is done to slow it, that figure would rise to 60 per cent in just two years.

The main problem is pensions. After a general strike on December 14 1992, Mr González accepted union demands to raise pensions and to widen the jobs benefit net. State pensions, which accounted for 9 per cent of GDP in 1989, will account for 11 per cent this year. The state paid Ptas2,000bn (€28.8bn) in pensions in 1992. This year it will pay Ptas7,500bn.

The 1994 budget, officials say, will try to hold this year's deficit constant, but just to stand still the government is being forced to consider changing the way it calculates pensions and to cut spending on infrastructure.

The pension debate will be the most bitter. Madrid wants to base state pension payments on forecast inflation for the year and not, as now, on the inflation outcome the

year before. Madrid's inflation forecasts are routinely lower than the actual outcome.

Under the control of Mr Solbes, who is not a member of Mr González's Socialist party, the Finance Ministry is anxious to sweep away the impression left by the former incumbent, Mr Carlos Solchaga, that budget targets are merely broad guidelines. Mr Solbes wants to hold the public deficit to 4.5 per cent of GDP next year (it will end 1993 at around 5.9 per cent) and to cut it to 3.5 per cent by 1996.

The ministry is also warning that if wage moderation is not agreed voluntarily, it will be enforced before the budget debate begins on September 30.

But does Mr González have the stomach for a fight? He now runs a minority government and is surrounded by smiling allies with long knives up their sleeves. The sharpest belongs to Mr Jordi Pujol, premier of

Catalonia and leader of the Catalan CiU, without whose support the Socialists could not survive in parliament in Madrid.

He is highly critical of Madrid in general but has recently been concerned to extract confirmation from the government that it would honour its promise to cede to Catalonia the right to spend 15 per cent of the income taxes the central government raises in the region. Confirmation was quickly given, probably assuring the budget safe passage.

In choosing how hard to fight to hold down wages, Mr González also has to decide how far to push a series of labour market changes the government has said it wants in place by next January. These would make it easier and cheaper for employers to fire workers.

Fortunately for Mr González most of his enemies in Spain will once again be taking his near total silence for weakness, dithering and doubt. This is potentially a big mistake except that this time the government has established a clear and measurable short-term recovery programme which, should it falter even a little, could invite quick retribution from the markets.

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# The 22m question awaits a creative answer

Europe's unemployment rate is heading for post-war highs, with the OECD forecasting that it will hit 12 per cent next year. In response governments are unveiling jobs initiatives in part familiar and in part radical, with policy-makers no longer able to rely on economic growth, FT writers report.

## GERMANY

ATTEMPTS by the German government to stem the rise in unemployment are limited, writes Judy Dempsey in Berlin.

Bonn wants to curb the widening budget deficit, and at the same time make German industry more competitive. The former demands cuts in social spending, the latter requires higher productivity with a leaner work force.

To achieve both, Mr Theo Waigel, the federal finance minister, unveiled two draft laws in August designed to cut social spending in western Germany. The package, spread over three years, would reduce spending by DM77bn (\$30.8bn). Unemployment benefits are included in these cuts. For instance, for those with dependents, unemployment benefit and social security payments will be reduced to 55 per cent of the employee's last net pay. Those without dependents will in future receive 53 per cent.

Any attempt to reduce the growing levels of unemployment in eastern Germany is hampered by high wage levels, despite continuing low levels of productivity.

## FRANCE

A FIVE-YEAR jobs plan unveiled by France this month reveals the dilemma facing the government of Mr Edouard Balladur as it tries to contain the rise of unemployment while leaving social security and worker protection intact, writes John Riddling in Paris.

The government's proposals are now being discussed with trade unions and will go before parliament next month.

At the heart of the plan is a series of measures to increase the incentives for employers to hire workers and increase the flexibility of the rigid French labour market. The principal proposals include: the transfer of social security payments from companies to the state for workers paid up to 1.5 times the minimum salary of FF5,880 (\$877); the replacement of the 35-hour working week with an equivalent annual total, designed to increase the flexibility of production while reducing overtime costs; the increase in the number of tax-deductible hours that part-time employees can work; the decentralisation of the management of training and apprenticeship schemes and tax incentives for employers to participate in these schemes.

## BRITAIN

THE British government believes the best way to cut unemployment is through reducing the cost burdens on business through deregulation, writes Robert Taylor. But it also runs programmes to reduce the jobs total. These include a business start-up scheme to help the unemployed to start businesses with training and financial advice and community action linked to unemployment benefit.

## ITALY

THE Italian government last week took its first step to combat unemployment by accelerating spending on a stream of public works projects, writes Hale Simonian in Milan. Foremost is Italy's ambitious L23,800bn (\$10bn) high-speed train network, due to link the

country's biggest cities in the next six years.

Spending for a variety of other transport projects has also been accelerated. The conventional railways will receive about L5,000bn a year for the next two years, while about L7,500bn will go on upgrading motorways over five years. Money is also destined for various public building projects.

## SPAIN

JOBS currently being lost in Spain are those created under relatively new laws allowing employers to hire people on temporary contracts, writes Peter Bruce in Madrid. Under the Francoist labour system, inherited by Spain's democratic rulers, people already in jobs were guaranteed them for life - a strong disincentive to the creation of new jobs which the Socialist government tried to redress by introducing temporary jobs contracts in the mid-1980s.

Roughly 1m jobs were created during these contracts, especially during the economic boom triggered by Spain's admission to the EC in 1986. Being the most vulnerable, however, they have been the worst affected by the current recession. While the government does have a number of old job creation schemes in place - primarily one which pays employers a subsidy for hiring apprentices on short contracts - it has not responded to the current crisis with new incentives.

## NORWAY

THE Norwegian government last week announced plans to introduce a package of measures, valued at an estimated NKR600m (\$55m), to create jobs, boost the competitiveness of industry and increase non-oil exports, writes Karen Fosell in Oslo.

Since 1990 the government has reduced industry taxes and tariffs by an estimated NKR8bn and is planning a large-scale transport infrastructure investment programme during 1994-97, which it claims will reduce the annual transport costs of industry by NKR17bn, besides creating new jobs.

## DENMARK

THE Danish government expects to "break the unemployment curve", as the prime minister, Mr Poul Nyrup Rasmussen, puts it, through an unprecedentedly expansive fiscal policy, including substantial income tax cuts. In 1994-96, writes Hilary Barnes in Copenhagen. It has backed the fiscal policy up with labour market reforms which are designed to increase flexibility and prevent a resurgence of inflation once demand recovers.

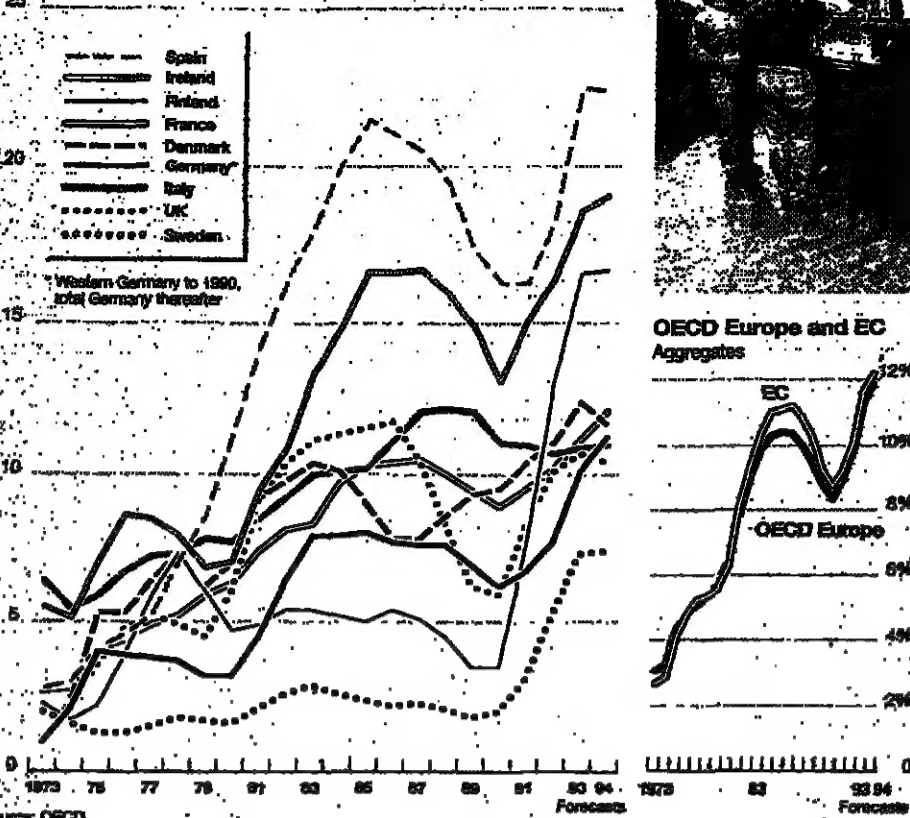
## SWEDEN

IN Sweden, where recession is in its third year, total unemployment (including those on training schemes) has risen to 13 per cent, writes Christopher Brown-Humes in Stockholm.

One way in which Sweden has responded to the crisis is by announcing a SKR98bn (\$38m) programme to develop the country's road and rail network over the next 10 years. This is in response to the unemployment crisis in the construction sector. Sweden has also developed several new types of job training schemes.

## Europe's jobless: the rising tide

Unemployment as % of total labour force



By David Goodhart, Labour Editor

ACROSS EUROPE more than 22m people are out of work. Employers are cutting jobs by the tens of thousands, propelling unemployment towards post-war highs.

By next year, the rate in Europe will touch 12 per cent against a previous high of 11.2 per cent in 1986, the OECD says.

In recent weeks, several governments have unveiled policy initiatives to tackle the crisis. Some are familiar from earlier waves of high unemployment. Italy, Norway and Denmark, for example, are bringing forward spending on public infrastructure, with the primary aim of employing construction workers. But there is much that is new in both the nature of the problem and the responses to it.

Policy-makers in the 1980s are being forced to seek radical solutions at a time when there is little evidence they can rely on economic growth, as in the past, to reduce unemployment significantly.

In most European countries, the proceeds of economic growth in the past 20 years have essentially been appropriated by those who have remained in employment. The unemployed have been

excluded," says Professor Paul Ormerod of the University of Manchester.

In Spain, the economy virtually doubled in size in real terms between 1970 and 1982 but employment fell by 2 per cent in the same period, Prof Ormerod points out.

Other European economies have shown similar trends. According to the professor, the growth in output and employment from 1970 to 1992 was respectively: Germany, 70 per cent and 8 per cent; France 75 and 7; Italy, 84 and 8; Britain, 53 and 8.

How are policy-makers responding? In much of continental Europe and at the European Commission there is a growing awareness that a new balance needs to be struck between regulation which protects securely employed "insiders" and deregulation in favour of the unemployed "outsiders".

European Commission officials and governments in countries such as France and Spain stress that this does not mean the abandonment of worker protection. Mr Edouard Balladur, the French prime minister, says his government will not use the recession as an excuse to destroy France's system of social protection. But governments and EC officials are examining

ways in which distributional goals can be achieved which minimise negative effects on employment.

One way this can be done is by reducing the cost of employment by switching some non-wage labour costs from employers to the state. France, Norway and Belgium have recently chosen this path. Several governments - Spain, Italy and Germany - are also involved in varied attempts to limit pay rises in the hope that pay restraint will create jobs.

More radically, some countries such as Spain and Italy are trying substantially to increase labour market flexibility. That means, for example, making it far easier to sack workers, many of whom have in effect a job for life. In Spain it looks as if a compromise might be possible which involves reducing the cost of sacking established workers in return for tougher restrictions on the use of temporary contract workers.

But throughout Europe, with the exception of the UK, labour market reform to improve employment will not be imposed by governments but will be negotiated through the established institutions of social partnership.

\*Figures for OECD Europe, excludes former Soviet Union.

## LOCALISING THE MULTINATIONAL

# Building on a Solid Foundation

*Itchu Corporation, one of Japan's leading general trading companies, whose origins date back to the middle of the last century, is fast evolving into a globally integrated corporation. In the present economic climate, changing the company's corporate structure and philosophy is considered vital if Itchu's business is to continue expanding. Company president Minoru Murofushi explains why.*

By Russell McCulloch



Mr. Minoru Murofushi, President, Itchu Corporation



Mr. Toshio Komada, Managing Director for Europe

McCulloch: According to projections by Japanese business leaders, the short-term outlook for both the Japanese and world economies is not bright. With the recession expected to continue, what are Itchu's priorities for the coming twelve months?

Murofushi: Our highest priority for the coming year is to raise profitability, and I believe we can achieve this through allocating more management resources to areas of high growth potential. We foresee a strengthening of the operations of our overseas offices and increased use made of our extensive global network to boost trade transactions.

A second priority will be an expansion of ongoing programmes to cut costs and reduce overheads. By squeezing direct and indirect expenses as much as possible, we seek, in 1993, to freeze our overall operating costs again at the previous year's level.

McCulloch: What are some of the main elements in the current restructuring plan?

Murofushi: The goal of our restructuring programme is not only to make the company more cost-efficient, but also more dynamic and responsive to changing market circumstances.

Beginning in April, we reorganised our internal structure by amalgamating divisions. We now have 21 divisions whereas previously we had 35. Making the divisions larger has increased the internal flow of information and is enabling us to realise synergies between related areas of business. Along with this reorganisation, division heads were given greater authority, and the decision-making process has been significantly speeded up. We have also eliminated many internal meetings including those involving Board executives. This, too, has improved operational efficiency.

## North American operations reorganised

From January this year, we began restructuring our North American operations and regrouped our trading and enterprise activities into two companies. Upon completion of the programme in 1995, these will be separate and distinct arms of a single holding company, Itchu International Inc. We anticipate significant growth in the

return on equity from our North American operations as a result of these changes.

McCulloch: In many ways, 1992 was a milestone year for Itchu in that you introduced both a new name and a new corporate philosophy. What prompted these changes?

Murofushi: As our company undergoes its transformation from a general trading company into a globally integrated corporation, it is important for our employees, our customers and the global community at large that our company project a corporate image which reflects the true nature of these changes.

With the change of name from C. Itoh to Itchu Corporation, there is now a worldwide uniformity between our English and Japanese language names.

At the same time, we introduced a new corporate logo, and a new "credo" and "way". The credo, "Committed to the Global Good," emphasises the underlying philosophy that Itchu is not just an economic entity, but exists for the purpose of raising global welfare.

The "Itchu Way" serves as a corporate motto for our employees. Through it, they are reminded to keep a positive outlook, a flexible mind, and sense of fairness and integrity as they go about their daily business.

## Integrating our European activities

McCulloch: As a result of Itchu's restructuring programme, have you altered your business strategy in Europe?

Murofushi: We have introduced major changes in our European operations. The creation of a single European market led us to reassess the way in which our European organisation was structured. In the past, an office in each European nation has been charged with overseeing our activities inside that country's borders.

However, we realised that if such a structure were to persist, we could not hope to take advantage of the opportunities which European integration will usher in, especially if the EC expands to include EFTA nations and, in time, the former socialist economies of Eastern Europe.

Therefore, from April this year we began integrating our activities along

product and not country lines. In textiles, for example, we have placed the headquarters in Milan, and the Group Executive Officer there is not only responsible for our Italian textiles business, but for all our European textiles operations.

McCulloch: How do you see Itchu's business activities within Europe developing in the future?

Murofushi: Until now, most of our European business revolved around trade, and especially trade with Japan. In the future, through our investments in the region, we will create more European enterprises, thereby "Europeanising" our operations there. This process has already started. We have established 15 new European enterprises in the last two years, and the past months have seen several more steps taken.

For example, in March this year, we bought the rights and interests of three North Sea oil fields from the major UK oil developer Enterprise Oil. And, in May, we helped inaugurate a new joint venture in Hungary called Magyar Suzuki Corporation. Our partners are Autokonszeru, a Hungarian investment group, Suzuki Motors, and the International Finance Corporation. The venture has already commenced production and is now supplying the local Hungarian market. In time, it hopes to raise annual output to 50,000 vehicles, enabling some exports to neighbouring countries.

McCulloch: What benefits is Itchu winning from its alliance with Time-Warner?

Murofushi: Itchu's partnership with Time-Warner, through our US\$500 million investment in June last year, is opening up a host of business opportunities. We intend to use the benefits of an alliance with the world's largest media company to bolster our existing ventures in the media field, namely our minor investments in nation-

## 'Full Service Network' holds potential

wide cable television systems and in cable programming.

In the medium to long term, we see ourselves participating actively in these areas. Furthermore, the recent \$2.5 billion investment by US West into Time-Warner

McCulloch: This is closely related to the fast growing areas of satellite broadcasting and communications, in which Itchu is actively involved.

Murofushi: Yes, Itchu helped to found Japan Communications Satellite Company (JCSAT) in 1985. JCSAT has just merged with another Japanese satellite company, SAJAC. We believe that the merger will permit us to provide consumers with an expanded range of services.

The recent formation of our Omni-TRACS joint venture with the US company Qualcomm illustrates the kind of possibilities that exist. This venture has introduced to the Japanese market Qualcomm's innovative satellite communications system, now used to link 50,000 truck drivers across the US, with their respective logistics centres. Our Omni-TRACS venture will also market environmental data collected by satellite.

McCulloch: Is Itchu engaged in any other activities that relate to the environment?

Murofushi: Itchu is one of the most forward-thinking Japanese companies in this regard. Three years ago, we established a separate department to assess the environmental impact of every venture proposed by our business divisions. Without the sanction of our Department of the Global Environment, resource development projects and corporate acquisitions cannot be submitted for executive approval. Quite recently, we decided not to proceed with a planned foreign acquisition because this department questioned the targeted company's environmental record.

In addition to our commercial activities, Itchu also organises numerous seminars on environmental themes for both employees and non-employees, and funds environmental protection projects. One such project is a new area of research called "Global Climatology," now being conducted at the Centre for Climate System Research at Tokyo University. The results of this research are made publicly available at the annual "Itchu Symposium."

## Frankfurt and London closer on monetary union

### Flights London City-Frankfurt commence 31st August

TALKS between Europe's financial capitals will speed up from 31st August when Business Air commences weekday flights between London City Airport and Frankfurt. In cooperation with Lufthansa, the new BAe-146 'Bank Express' provides the most time-efficient city to city link available. 15 minutes from Tower Bridge to London City Airport, ten minute check-in, then 90 minutes to Frankfurt on board the smartest short haul jet in the business. 82 leather seats, fine cuisine, champagne,

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## NEWS: INTERNATIONAL

Veteran Israeli dove sees new era of co-operation in the Middle East

## Peres outlines his vision of peace

By Julian Ozzanne in Jerusalem

MR Shimon Peres, Israel's foreign minister and the man who clinched the peace agreement with Palestinians in secret talks last week, yesterday outlined his vision of a revolution in the political and economic geography of the Middle East.

The 70-year-old veteran politician and long-time Israeli dove, spoke at a press conference of a new era of peace and economic development based on free trade, open borders, regional integration and mutual respect.

Mr Peres, who arrives in

Brussels today to lobby Mr Jacques Delors, European Commission president, for assistance for the Palestinians, said the region could now slash its \$50bn a year arms expenditure and develop an Arab-Israeli alliance against extremists on both sides.

He promised pledged Israel would assist Palestinians and help raise foreign capital for a Palestinian entity.

Mr Peres has always been ahead of public opinion on the peace process and it is by no means certain that he speaks officially for the government. But he does represent broadly the centre-left of Israeli politics and, in particular the majority of the Labour movement.

He said it was in Israel's

interests to end to the suffering of Palestinians economically, politically and psychologically. "There is nothing better for Israel than a good neighbour," he said.

"Today the Middle East is divided into two parts more than Arabs and Israelis. It is between people who support peace and people who want to kill peace."

"I think the time has come to make a coalition of all parties who support peace in order to prevent and combat those forces that want to assassinate peace," he said.

On arms expenditure and foreign aid, Mr Peres said the Middle East needed not more money but a different structure.

"To be honest we are spending \$50bn a year on the arms race. What for? How dare we go and ask other nations to contribute to the Middle East before we ourselves take our own affairs seriously. We have to correct our mistakes and once we correct them I am sure the rest of the world will support gladly the creation of a productive and serious peaceful Middle East."

He said Israel had agreed an agenda for peace with Jordan and, in the most recent meetings, the two sides had dealt only trivial issues "like to whom should the mosques and flies ask for a visa to fly over from Akaba to Eilat. We were left without subjects but for mosquitoes and flies. We can sign tomorrow."

The Israeli foreign minister said there was no reason why Arab nations should not adopt normal diplomatic relations with Israel and lift their economic boycott.

He likened an accord with the PLO on mutual recognition to the French recognition of the Algerian FLN. "When the FLN became a political party the government opened a dialogue. This is the best comparison to our approach...the moment the PLO becomes a political party there will no longer be a problem."

Mr Peres reiterated the Israeli view that a final Middle East settlement should include a confederation between the Palestinians and Jordan.

Mr Peres said a document on mutual recognition was ready to be signed if the PLO pledged itself to four conditions:

● The PLO must issue a communiqué that all those items calling for the destruction of Israel are now invalid.

● The PLO must make a clear announcement of its complete rejection of violence and "terrorism" and declare that all disputes will be settled by peaceful negotiation.

● The PLO must recognise "loudly and clearly" the right of Israel to exist in peace and security.

● The PLO must commit itself to UN resolutions 242 and 338 as the basis for future negotiations.

Mr Peres said Israel was not demanding that the PLO give up its demands for the repatriation and compensation of Palestinians displaced when Israel was founded in 1948.

PLO rules require that the charter can only be amended with a two-thirds majority of the Palestine National Council - the Palestinian parliament-in-exile. But Mr Peres said Israel would be satisfied with an unambiguous document signed by the PLO.



## PLO meets to discuss terms

By Julian Ozzanne

MR Yasser Arafat, the PLO leader, was last night meeting his executive committee to take one of the most decisive steps in the organisation's history: signing a document which commits the PLO to recognising Israel and giving up its armed struggle against the Jewish state.

In Jerusalem Mr Shimon Peres, foreign minister, said Israel objected to 15 of the 33 clauses of the Palestinian National Covenant, the PLO founding charter, which call directly or indirectly for the destruction of Israel.

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## Rabin's gambit dishes the Israeli right

The opposition has little chance of defeating the peace moves, reports Julian Ozzanne

ISRAEL'S right-wing political parties and hardline Zionists appear unable to block the preliminary peace plan with Palestinians and seem increasingly marginalised by the government's gambit.

Although the right-wing retains considerable support in Israel and an ability to mount unruly protests, the way the peace plan has been framed - granting minimal concessions to Palestinians - has ensured its broad acceptance.

Furthermore, the threat of violent resistance to the agreement from a minority is, so far, not being taken seriously in a country which prides itself on its democratic traditions and its abhorrence of intra-Jewish violence.

Mr Shimon Peres, the foreign minister, said yesterday: "Israel is a democratic country. None of us is afraid in the slightest of people who do not respect the democratic system."

For the moment, the prime minister, Mr Yitzhak Rabin, retains a comfortable majority both in the parliament and in the nation. He has successfully argued that, by leaving the 120,000 Israeli settlers in the occupied territories untouched, by maintaining Israel's control of occupied Arab east Jerusalem and by guaranteeing no let-up on security, the peace plan costs Israel little. So far the Israeli public has endorsed the plan. The only poll conducted has shown 83 per cent in favour.

Once again Mr Rabin, a general-turned-politician, has dashed the opposition. He has always argued that Israel could only negotiate from strength and that the Israeli public would only swallow a peace agreement if they were certain their government would protect their security.

Since he was elected last June the 71-year-old prime minister has stolen the security issue from the right-wing

opposition. Likud party and won considerable respect from Israelis for acting tough. Last December he deported 400 Islamic fundamentalists. In March he sealed off the occupied territories after a wave of stabbings by Palestinians and in July he mounted a devastating

Nordic foreign ministers yesterday agreed to provide Nkr1bn (€13m) to help rehabilitate the Palestine Liberation Organisation and build transport and power facilities in Gaza and Jericho, writes Karen Fossli in Oslo.

Norway and Denmark pledged Nkr250m each, while Denmark said it may contribute up to Nkr300m and Sweden offered Nkr200m.

Seven-day bombardment against Lebanese civilians in retaliation for attacks by Arab guerrillas operating in Lebanon.

Since the peace agreement emerged, the right-wing, led by Likud, has restrained itself to inflammatory accusations of betrayal by Mr Rabin and calls for fresh elections but they look more like spoilers in a sideshow than a real force of

opposition. Mr Rabin has flatly ruled out any new poll saying his election victory last June gave him a sufficient popular mandate for peace.

The prime minister has received support from unlikely sources such as the right-wing

agreement, Mr Peres accused the opposition of being "yesterday's men" and said: "The world has changed completely and only you haven't realised it."

Mr Binyamin Netanyahu, the Likud leader, has recognised the problem the right is facing in its battle to defeat the plan. Although he has raised the prospect of the agreement leading to war with Palestinian militants he said: "We will work within all legitimate means of the opposition to stop this harmful process to the future of Israel. We will do it in the Knesset and we will do it in the street."

Mr Yitzhak Shamir, the former Likud prime minister, has also threatened to lead the nation "against the breaking up of our country. The government will not have a single quiet day until this treacherous plan is cancelled," he said. But so far the nation has not risen up with the right. A demonstration on Monday night

attracted a couple of thousand protesters. In another opinion poll of Jewish settlers, only 2 per cent said they would consider violent resistance to the peace agreement.

Inside the cabinet the peace plan was passed by 15 votes to two. Although Mr Rabin is facing a coalition crisis following charges of fraud brought against two members of the ultra-religious Shas party, most Labour MPs believe that even if the two ministers resign, Shas will stay in the coalition or, at the very least, continue to support the government from the back benches.

Inside parliament, Mr Rabin can count on a 67-53 peace majority composed of Labour (44), the left-wing Meretz bloc (12), Shas (6) and Arab MPs (5). The prime minister, however, sensitive to Jewish concerns about a peace deal dependent

on the votes of Arabs and left-wingers, is trying to broaden his support.

Intense negotiations are under way with Agudat Yisrael, an ultra-orthodox party, which has three MPs. According to Israeli political experts orthodox political parties, in facing the peace issue, must balance *piutah nefesh* - saving lives - against giving up land.

Many observers believe Agudat Yisrael will support the agreement but will not join a coalition which includes the left-wing Meretz bloc. If so Mr Rabin's parliamentary majority will increase to 70-50.

Mr Peres yesterday raised the prospect of the development of a new alliance in Israel and the Middle East among those who support peace. Such an alliance of the centre would leave the Israeli right more and more alienated.

## HK investors warm to mainland cooling

With market reforms on course, austerity measures are not being seen as a threat, writes Simon Davies

AS THE source of two thirds of all foreign investment in mainland China, Hong Kong is closely watching Chinese vice-premier Zhu Rongji's moves to rein in an over-heating economy. But while the colony's businesses may be toning down publicity of their mainland investments, few are turning down the projects themselves.

The main concern for Hong Kong investors is not so much the state of China's economy, but the state of its reform programme. With Mr Zhu's reformist rhetoric continuing, confidence has returned and China deals are being signed rather than cancelled.

Mr Edward Cheng, director of Wharf Holdings - a company with a number of significant China investments - admits that the austerity measures will take their toll on Hong Kong businessmen. "But," he argues, "those who will be affected are the short-term speculators. For the long-term investors the slow-down will create genuine opportunities."

According to Credit Lyonnais Securities, Hong Kong listed companies have "committed" to China investments worth a total of HK\$86bn (£7.4bn), primarily in infrastructure, property, manufacturing, leisure and retailing.

The retailers and property developers would be the obvious casualties of a collapse in the yuan, the Chinese currency, and of an austerity programme which focuses on eradicating property and stock speculation. But few appear particularly apprehensive.

Mr Anthony Nightingale, managing director of Jardine International Motors, whose associate company owns the Mercedes franchise for southern China, confidently predicted that sales would "more than double" this year. The company sells mainly top range models to Chinese joint venture companies, at HK\$800,000 before tax.

The Mercedes has become the ultimate status symbol for southern China's born-again capitalists, many of them the speculators or corrupt officials Mr Zhu wants to bring under control. So far the evidence is not of an excess of austerity.

Mr Dickson Poon, who recently set out to bring his range of luxury brand names to the Chinese, said his strategy had remained unchanged. His company, Dickson Con-

cepts, is investing HK\$400m in setting up both stores and a manufacturing capability in China. "Since our opening (in May) we have experienced extremely stable sales. There has been no negative impact on the sales side since the announcement of the austerity programme," he said.

By March 1993 Dickson Concepts will have opened 30 fashion boutiques, two fashion stores, and 10 luxury watch outlets in China, selling a wide range of brand name products, from Charles Jourdan to Rolex.

However, 90 per cent of these products will be manufactured in China, which reduces both costs and currency risk. Mr

William Cheng, managing director of listed property developer Shun Ho Construction, said: "From an investor's point of view, we are currently faced with an artificially propped up currency and a situation where the rules could all have changed by next year. Investors are going to wait."

The more substantial property developers, however, have always played a long-term game. Mr Peter Churchhouse, research director at Morgan Stanley, said: "What the big developers have been saying is, let's get a foot in the door and see how this market works. These companies have played the game very well, tactically."

Malaysian tycoon Mr Robert Kuok has pulled out of a HK\$3bn commercial development in Beijing and New World Development cancelled an investment in the redevelopment of a Beijing department store.

However, both withdrawals resulted from disagreements with the joint venture partners rather than concerns over the state of the market; other Hong Kong companies are considering the two projects.

The larger Hong Kong investors have concentrated on building up cheap supplies of land in core areas within the main cities, and their initial financial commitment remains small. The other primary focus has been basic infrastructural projects, such as power stations, roads and ports, where the costs are higher, but the demand is irrefutable.

A Baring Securities report on 59 of the largest listed companies in Hong Kong calculated that an average of only 2 per cent of their total assets were in China and only 3 per cent of pre-tax profit was derived from there.

A more salient concern for most investors is the knock-on effects of the austerity programme on assets within Hong Kong. There could be a significant impact on the colony's role as a service centre for China's trade and manufacturing, combined with the effects of an outflow of Chinese capital - as much as HK\$50bn is estimated to have flowed into Hong Kong's property market during the past 18 months.

If Mr Zhu achieves his exit landing for the mainland economy, Hong Kong's pioneering China investors should flourish. But if he fails, they will not be alone in facing the consequences.

Investment in China by industry, HK\$bn

Infrastructure  
Property  
Industrial/manufacturing  
Leisure  
Various  
Retail

Source: Credit Lyonnais Securities  
\*Shared projects involving Hong Kong listed companies figure includes Chinese partner investment

Poon said he was convinced the long-term investors would reap significant rewards. Retailers focusing on imported goods have been harder hit because of escalating costs and the impact of currency depreciation. But as one merchant banker commented: "Retailers were paying a fraction of the labour and land costs of Hong Kong, but charging double the prices for the product. It could never last."

Nor, it seems, could the spiralling in southern Chinese property prices, which was chiefly the result of mainland and Hong Kong speculators, rather than any build-up in demand.

The austerity plan focuses on rechanneling existing financial resources from property speculation back into more productive activities. A recent study by property consultancy C.Y. Leung indicates that this has already taken its toll, with residential property prices falling 29 per cent this year in Hong Kong's border city of Shenzhen.

For the smaller players the austerity programme could be a chastening experience. Mr

## India cuts interest rates again

By Stefan Wagstyl in New Delhi and R C Murthy in Bombay

INDIA yesterday cut interest rates in an attempt to reverse a two-year slowdown in economic growth.

The government believes that, without more signs of growth, Indians could become disenchanted with its programme to modernise and open up the economy.

Industrialists last night welcomed the interest rate cuts but said the government would have to do more to stimulate the economy.

The Reserve Bank of India, the central bank, cut the commercial banks' minimum lending rate by one percentage point to 15 per cent and the maximum deposit rate by the same margin to 10 per cent. They were the fourth cuts since the central bank started easing rates from a peak of 19 per cent last autumn.

The reductions are designed to promote steady growth following a sharp monetary squeeze in 1991-92, when rates were raised to curb inflation and to help defuse a balance of payments crisis by choking off demand for imports.

Inflation has since fallen from a peak of 18.3 per cent to 6.2 per cent and the country's balance of payments position has improved markedly thanks to a recovery in exports and an inflow of savings from Indians living abroad. Foreign exchange reserves have soared fourfold to \$7.2bn (£4.86bn).

The reserve bank had signalled its intention to cut interest rates in mid-October but brought forward the reduction because of slack demand for funds from industry.

Industrialists are responding to the government's economic reforms with corporate

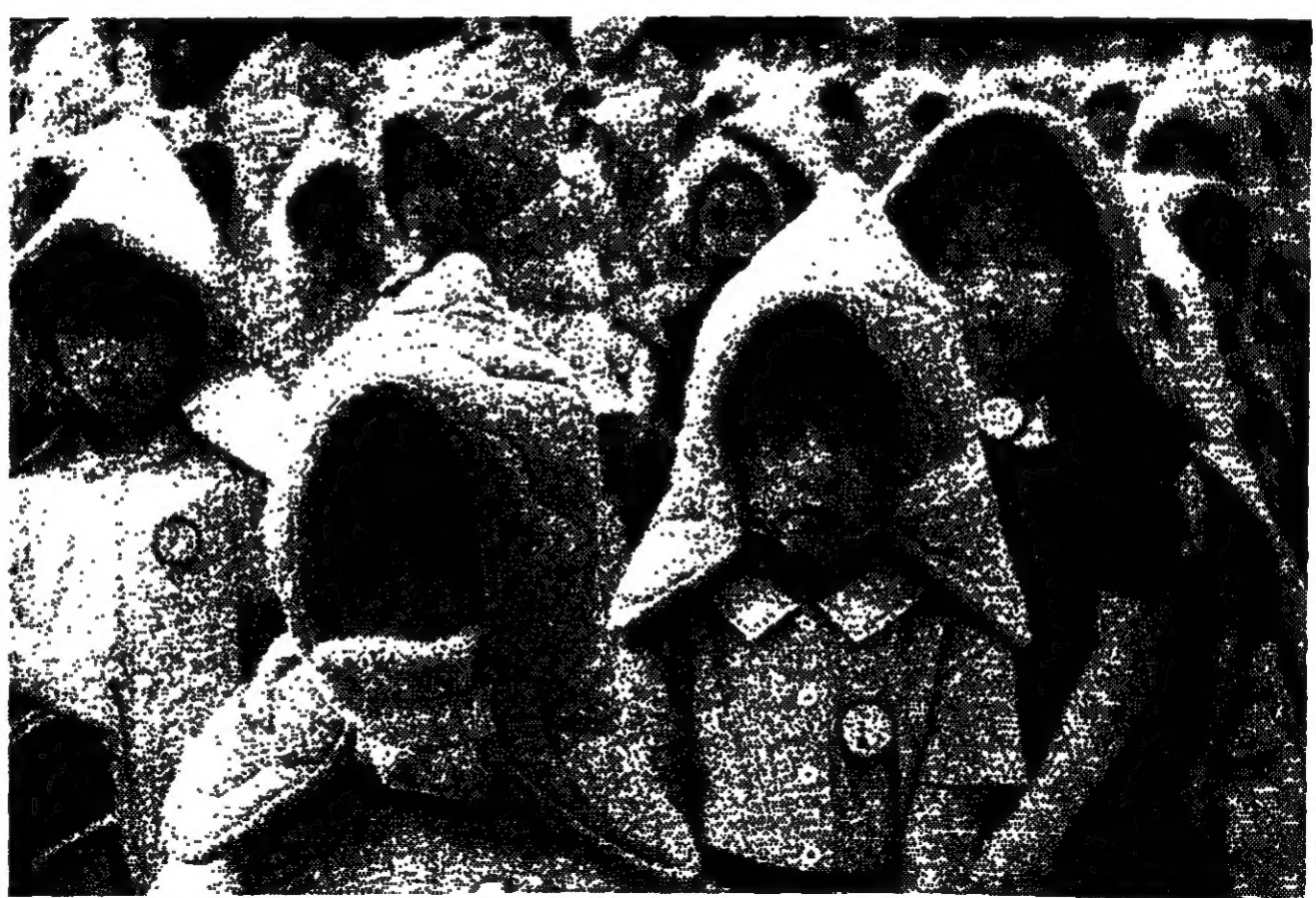
restructuring, talks with potential foreign partners and the announcement of investment plans. But they have so far been reluctant to commit themselves to spending money.

Growth in industrial output could fall short of the government's forecast of 6-7 per cent for the year to the end of March next year because demand for steel, machinery and other capital goods is still weak, despite export growth in some industries, notably textiles. Exports in the first three months of the financial year rose 27 per cent.

The Confederation of Indian

Industry argues that minimum lending rates should be no more than 3 per cent above the rate of inflation, or about 9-10 per cent. This would be difficult to achieve without extensive financial reform, including abolition of rules which force banks to direct cheap credit to priority borrowers such as state industry.

Also, the government is struggling to control its own borrowing. It promised to cut the fiscal deficit from 6.5 per cent in 1991-92 to 5 per cent in 1993-94 and 4 per cent in 1994-95. In fact, last year's figure was 8.7 per cent.



Schoolchildren wear protection in an earthquake drill in Tokyo yesterday marking the 70th anniversary of the Great Kanto earthquake

## Japan moves on economic reform

By William Dawkins and Robert Thomson in Tokyo

JAPAN'S new government has proposed 60 economic deregulation measures in the first step of a broad campaign to curb costly anti-competitive practices.

The outline measures paved the way for deep reforms in Japan's economic structure, although the short-term impact would be unclear until the government published full details towards the end of the month, analysts said in Tokyo.

The package could, in the

long term, reduce market restrictions to foreign companies and bring a widespread fall in prices and increased consumer demand, they said.

This will be an important test of promises by Mr Morihiro Hosokawa, the new prime minister, to shake up the Japanese system. It will be followed closely by the US government, keen to see evidence of attempts to raise import demand.

The plans include cuts in gas and electricity rates of most benefit to industrial users, easing of controls on the construction

of big discount stores, fewer cuts on discount drinks retailers, the opening of satellite broadcasting to foreign competition and the deregulation of mobile telephone sales.

The package proposes an end to the minimum production ceiling for brewers, which would eventually open the oligopoly of four Japanese brewers which has controlled the Japanese beer market for the past 30 years.

The measures were agreed in principle at a cabinet meeting on Tuesday evening, for detailed publication before the

end of this month. Half the measures would be implemented before the end of March 1994, but around 10 required legislation, said government officials.

However, this is not the first time that such proposals have been made and they are strongly opposed by powerful industry groups. But the government is confident the plans will be realised. In this, it would be helped by the powerful Ministry of Finance in its eagerness to promote deregulation to deflect pressure for an income tax cut, said analysts.

## China opens up jobs to competition

By Tony Walker in Beijing

CHINA has begun throwing open its top bureaucratic jobs to competition as part of an overall reform of what the Chinese call their "cadre employment system".

The State Commission for Restructuring the Economy, an important government "think tank", is seeking applications for the position of director of one of its affiliated research institutes.

This is the first time a central government agency has sought to fill the director's position by open examination, according to the China Business Times newspaper.

More and more senior cadres will be selected through public examination and competition, instead of appointment from higher authorities, the paper reported.

Applicants for the research institute job will be required to take a written exam and undergo an oral test before qualifying for a one-year probation.

Appointments to senior jobs in a sprawling and opaque bureaucracy have generally relied on a system of patronage and "back door" deals rather than merit.

China recently announced that it would reduce its 10m-strong bureaucracy by about 25 per cent. It has also begun streamlining its bureaucratic superstructure, getting rid of a number of specialised departments and "ad hoc" organisations under the State Council, or cabinet.

At the recent National Political Congress, or parliament, ministries, commissions and other organisations under the State Council were cut from 98 to 69 in an effort to deal with problems of duplication.



## Bill seeks end to California tax conflicts

By George Graham in Washington

CALIFORNIA'S Senate has passed a bill that will settle the state's system of worldwide unitary tax assessment and ward off retaliation against California-based companies operating in the UK.

The bill, which is expected to be considered by the state assembly's revenue and taxation committee today, would address the three main complaints foreign companies make about the operation of the California tax system.

Since 1988, companies have been able to choose an alternative, known as water's edge assessment, to the controversial unitary system, but have had to pay a fee for this election.

The new bill would abolish this fee and eliminate some additional paperwork. It would also remove the right of the California tax authorities to override a company's choice of the water's edge system.

The US federal administration is hoping that the bill will enable it to avoid taking sides between California and the UK in a case brought by Barclays Bank against unitary taxation now pending before the Supreme Court.

British business groups and MPs have said the new legislation does not meet their demands because it preserves elements of the unitary system, and are urging the UK government to maintain its threat to refuse a tax credit they now receive if the issue is not settled by the end of this year.

Under a unitary assessment California may tax a company on a proportion of its worldwide income, rather than only on income earned within the state. Because this method of assessment conflicts with the methods used by other countries and contained in the US's bilateral tax treaties, it can give rise to double taxation.

California legislators warn, however, that the new bill is as far as they will go to amend the unitary tax law.

## Suspended president plans to appeal in Venezuela

MR Carlos Andrés Pérez, Venezuela's suspended president, said yesterday he would appeal to the Supreme Court against Congress's decision to block him from returning to office even if he is acquitted on corruption charges, writes Joseph Mann in Caracas.

A joint session of the Congress voted on Tuesday night to make permanent last May's suspension of Mr Pérez from the presidency following allegations of embezzlement and misuse of public funds. Congress also voted to ratify the interim chief executive, Mr Ramón José Velásquez, as president, and authorised him to serve out the remaining five months of Mr Pérez's term. Earlier in the day the high command of the Venezuelan armed forces restated their support for President Velásquez.

Mr Pérez, who began his five-year term as president in February 1989, was suspended from office on May 21 after the Supreme Court and the Senate voted that there was just cause to try him for alleged mismanagement of \$17m in funds from a secret government account used for security and defence operations. Mr Velásquez took over as interim president on June 5.

Tuesday's voting broke down along party lines, with Mr Pérez's Democratic Action party (AD) voting against the move. A group of small political parties joined forces with the Christian Democrat party (COPEI) to oust Mr Pérez, who must still face the corruption charges.

The unprecedented congressional action raised questions about the constitutionality of permanently removing an elected president from office before judicial proceedings against him are completed, and could set a precedent for a similar action in the future. Supporters of Mr Pérez called the congressional decision unconstitutional and an act of political revenge.

## Aspin sets stage for defence switch

George Graham looks at the thinking about the wars US may have to fight

MR Les Aspin, defence secretary, had plenty of practice at the theoretical exercise of drafting a force structure design for the US military in his previous role as chairman of the House of Representatives armed services committee.

The results of the Bottom-Up Review he announced yesterday draw heavily on some of the concepts he worked with before, but they also show the Pentagon's own thinking.

After submitting to Congress a budget for 1994 he frankly described as "treading water", Mr Aspin has now completed the more detailed review he promised would set the stage for more radical changes in the US defence budget.

The review is based on a complete change in the threats and missions the US armed forces are to be built to confront. Instead of preparing for the third world war, the US military strategy will now be based on the need to be ready for two nearly simultaneous regional conflicts.

There has been much debate at the Pentagon in recent months over the "win-lose" and "win-win" concepts for dealing with such big regional conflicts - a debate which has wide implications

for the size of the US forces. A force structure geared to winning a single big regional conflict would, according to Pentagon documents, require eight active army divisions, eight navy aircraft carrier battle groups and 10 air force active fighter wings.

A strategy based on winning one such conflict while containing a second conflict until the first was won - the win-lose strategy - would require another two army divisions, two more carrier groups and three more fighter wings.

To be able to win two nearly simultaneous big conflicts and have spare capacity for action elsewhere such as peacekeeping, as Mr Aspin has decided, adds another two divisions, two carrier groups and a fighter wing to the force.

Some outside defence analysts believe this structure to be excessive. They argue there have only been three such big regional conflicts in 50 years - Korea, Vietnam and the Gulf - though the Soviet Union loomed throughout as the big threat.

Gen Colin Powell, chairman of the Joint Chiefs of Staff, acknowledged yesterday that it was not really likely that two such wars would confront the

US FORCE STRUCTURE			
	1993	Cheney Plan	Aspin Review
Army active divisions	14	12	10
Navy aircraft carriers	13	12	12
Navy ships	443	450	346
Air force fighter wings	16	15.25	13
Nuclear submarines	22	18	18

US simultaneously, but he argued that it would be "irresponsible and unwise" not to prepare for the possibility; failure to do so could encourage the very eventuality that the US sought to avoid.

Gen Powell said the review assumed potential attacks by Iraq and North Korea, but said that this was merely a basis for planning the force structure.

"History teaches us that we never really fight where we thought we were going to fight. The forces you buy with this assessment might well be used in a conflict you never dreamed of," he said.

By gearing forces only for "nearly simultaneous" conflicts, however, the US can save a lot on its strategic lift capacity, essentially preserving only enough sea and air transport capacity to transport to one front at a time.

Improved air and sea lift, nevertheless, are a big compo-

nent of the Pentagon plan to adapt US forces to meet the different kinds of task they will be required to handle in the future. Mr Aspin said the Pentagon would either continue the programme to buy the new but controversial C-17 transport aircraft or buy other airliners to replace the ageing C-141s, and would also keep a brigade of heavy armour permanently aloft on ships that could be sent to the Gulf or to north-east Asia at short notice.

Other "enhancements" to improve the flexibility and capability of US forces would include:

- Adding ground attack capability to the navy's carrier-based F-14 fighters.
- Modifying B-1 and B-2 bombers to enable them to drop conventional weapons as well as nuclear.
- Developing smart rockets and missiles for the army.
- Preparing brigade-size

National Guard units to back up active units, instead of whole National Guard divisions, which have in the past taken longer to reach full readiness.

The Bottom-Up Review was supposed to be driven only by an assessment of the forces the US would need to defend itself in the future, not by the need to meet a budget savings target, and Mr Aspin yesterday ducked questions on the budget implications of the plan.

Nevertheless, critics are already charging that by preserving a force structure that is only slightly slimmer than the Base Force planned by Mr Richard Cheney, President George Bush's defence secretary, the Bottom-Up Review may have jeopardised the development of defence programmes for the longer term, when more dangerous threats may have emerged.

"We really aren't in a position to pursue a rich man's strategy any more. What we really need is a bottom-up review that looks not only at short-term requirements but also establishes a security posture for the medium and long term," said Mr Andrew Kreps, a Washington group that monitors defence spending.

## Brazil leader pulled into banking row

By Angus Foster in São Paulo

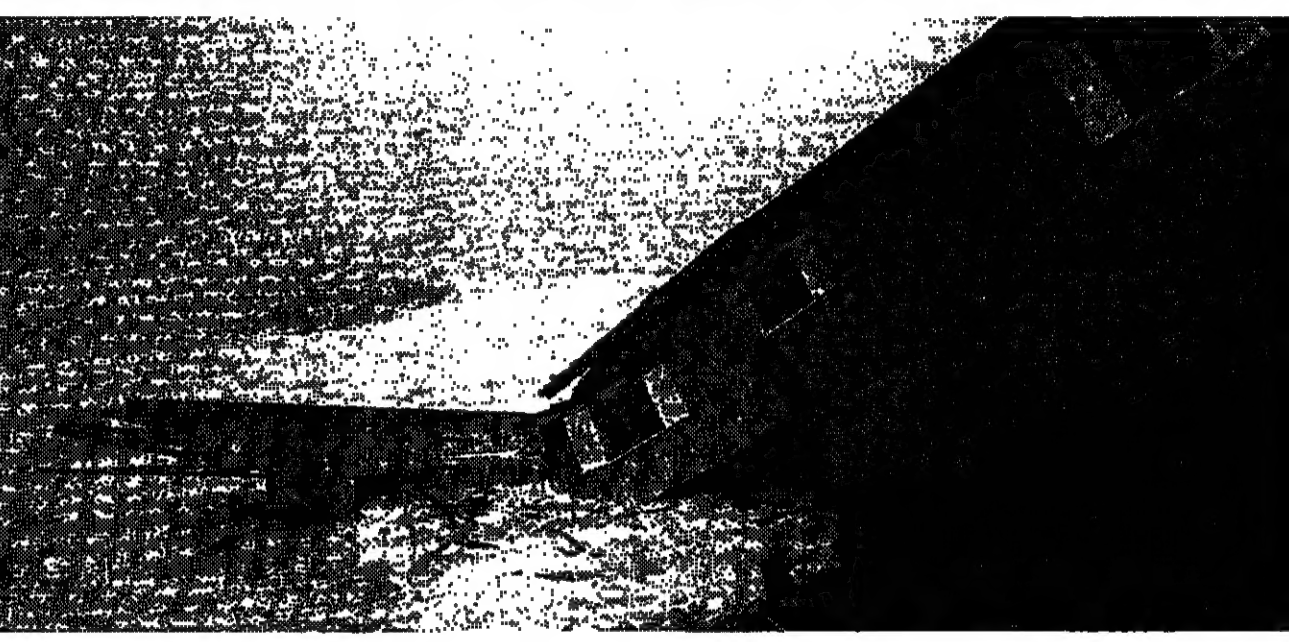
BRAZIL'S President Itamar Franco has become embroiled in a growing row with Mr Luiz Antonio Fleury Filho, governor of Brazil's most important state, São Paulo, and a senior figure in the PMDB party, the government's biggest backer in Congress.

The argument started when the president sacked one of Mr Fleury's political allies last week, after an internal squabble at the country's development bank. On Tuesday another supporter of Mr Fleury, Mr José Antonio Barros Munhoz, resigned as agri-

culture minister in sympathy, raising fears that the PMDB, with five ministers in the president's cabinet, would withdraw its support.

Party leaders appeared yesterday to be trying to avoid confrontation, saying they would decide at their national convention in 10 days' time whether to continue supporting the government. Some PMDB members have said their support would depend on being given a more active role in formulating economic policy. Withdrawal of PMDB support would leave the government without a working majority in Congress.

Mr Pérez, who began his five-year term as president in February 1989, was suspended from office on May 21 after the Supreme Court and the Senate voted that there was just cause to try him for alleged mismanagement of \$17m in funds from a secret government account used for security and defence operations. Mr Velásquez took over as interim president on June 5.



Hurricane Emily knocked homes in Kitty Hawk, North Carolina, off their foundations but caused only minimal damage elsewhere

## Freeh sworn in as fifth FBI chief

MR LOUIS FREEH was yesterday sworn in as the fifth director of the Federal Bureau of Investigation, Reuter reports from Washington.

Mr Freeh, 46, a former FBI agent who later served as a federal prosecutor and judge in New York City, was nominated by President Bill Clinton in July to replace Mr William Sessions, who had been appointed by former President George Bush. Mr Sessions was fired by Mr Clinton for weak leadership and abusing the privileges of his office.

Mr Clinton said he hoped the FBI in the 1990s would become best known for cracking down on drug lords and terrorists.

## France proposes more EC curbs on unfair trade

By David Buchan in Paris

FRANCE yesterday unveiled its plan for a tougher European Community policy against unfair commercial practices, which has become one of Paris's priorities in the Gatt world trade negotiations.

France is proposing that Europe should initiate the US in instituting speedier and more automatic anti-dumping investigations and in aggressively retaliating against unfair trade practices, including those of the US, partly as a means of getting Washington and other Gatt partners to give Gatt greater powers to police world commerce.

In the four-page memo which it has sent to EC partners, France proposes the EC executive be allowed more leeway to investigate European industry's complaints about dumped or subsidised imports and to impose punitive duties. Specifi-

cally, it backs a Commission plan which would make it harder for EC governments to stop the EC executive imposing dumping duties or safeguard curbs against imports.

Mr Gérard Longuet, France's trade and industry minister, cited a recent EC-US trade liberalisation deal in heavy electrical equipment, re-opening of talks on Japanese car imports into Europe, and recent curbs on imports of Russian aluminium and East European steel to show the EC could flex its commercial muscles. But such action often came too late for European and French industry, he lamented.

Yesterday saw the arrival of German officials in Paris to discuss France's ideas about refashioning the draft US-EC farm agreement.

Mr Alain Juppé, the French foreign minister, said the two countries' positions "are not yet harmonised".

## Kodak files dumping claim against Japanese

By Michio Nakamoto in Tokyo

EASTMAN KODAK, the US film company, has filed an anti-dumping petition against Japanese photo product makers for allegedly selling colour photographic paper in the US at prices below those in their domestic market.

Kodak said that Japanese manufacturers were selling paper for colour prints at dumping margins of

up to 300 per cent. The company condemned the Japanese action as "an illegal trade practice".

"This is inconsistent with free and open competition," Mr Robert Hamilton, vice president and general manager, US and Canada Region, Kodak, said.

The companies cited include Fuji Photo Film and its Dutch subsidiary, Konica, Oriental Photo Industrial and Mitsubishi Paper Mills.

Japanese photographic product makers have been expanding in the US, which has become their second largest market after Japan. While Fuji has taken about 10 per cent of the US market for colour film, it has about 50 per cent of the Japanese market. Kodak, which has been in the Japanese market for over a decade, has often complained that the Japanese film market is dominated by Japanese makers and closed to outsiders.

Fuji said yesterday that since it had not received a copy of the petition yet it did not know what prices Kodak was referring to in its dumping claim. Colour negative photographic paper is sold to wholesalers and laboratories, which charge for the prints that are made with the photographic paper.

Konica said that it was not exporting photographic paper to the US any more since it had a

manufacturing plant there which met demand for the North American market.

Kodak's charge follows claims of dumping against Japanese steelmakers recently, claims against carmakers earlier this year which did not lead to formal charges, as well as a formal anti-dumping petition against Japanese-made defrosters in February and against steel products in May.

## Thai road plan dispute worsens

By Victor Mallet and William Barnes in Bangkok

MR TAKAO Ninomiya knew his \$1bn elevated motorway project was in trouble when he received more than three weeks' notice from the police of a demonstration against his company by angry motorists.

A dispute between Thailand's Expressway and Rapid Transit Authority (ETA) and the Bangkok Expressway Co Ltd (BECL) - the Japanese-led contractors' consortium of which Mr Ninomiya is manag-

ing director - came to a head this week when the ETA, citing the possibility of violence by frustrated drivers, won a court order for the immediate opening of the completed stretch of motorway.

Many residents of Bangkok, believing the new 20km road would relieve the city's notorious traffic congestion, were delighted.

But investors and bankers were enraged by what they regard as bullying tactics by the Thai authorities, and said international financing for

some \$30bn of planned Thai infrastructure projects would be jeopardised.

BECL and its main shareholder Kumagai Gumi did not want the motorway opened until the dispute over revenue-sharing and other matters was resolved. BECL's advisers say the road, which could be opened today by Mr Chuan Leekpai, prime minister, has not even been officially certified as safe.

Behind the posturing lies a fundamental dispute over the contract, which BECL believed to be a 30-year build-operate-transfer deal (although Mr Sukavich Rangsitpol, ETA governor, insists BECL should transfer legal control to the ETA immediately).

BECL is concerned about the late delivery of land for future parts of the road by the ETA, and about who will collect toll fees and handle the cash, although a dispute over the level of the tolls themselves appears to have been resolved after the cabinet agreed to the 30 baht (\$1.20) per car fee established in the contract.

## Nokia in German move to cut costs

NOKIA, the Finnish electronics group, has shifted production of its small-screen television sets from the Far East to Germany, claiming that the move will cut costs and improve quality.

Andrew Adams writes, Nokia, one of Europe's top three television manufacturers, expects to reduce its production costs by up to 50 per cent by concentrating television production in Germany instead of continuing with an arrangement with Sanyo, the Japanese supplier, in Singapore.

The shift involves a DM20m (\$28m) investment in two new production lines, but no net increase in employment.

Mr Heikki Koskinen, president of Nokia's consumer electronics division, said he believed the move was the first of its kind in the industry. "It will enable us to unify our development and production efforts, and offers the prospect of a reasonable margin at a competitive price."

Although it returned to profit in the first four months of this year on the back of fast expanding telecommunications sales, Nokia's consumer electronics division is still making losses, like those of most of its European competitors. The division accounted for a third of Nokia's sales.

## Chicago back-room operator to sell NAFTA

Laurie Morse on a Daley drafted in to lead ratification drive

THE MAN President Bill Clinton has chosen to head the task force to help get his free trade pact with Canada and Mexico ratified may lack experience in international trade arenas. But he comes to Washington well prepared for the kind of back-room political arm-twisting that will be required to persuade a divided Congress to pass it.

William Daley is younger brother and chief adviser to Chicago's mayor Richard M Daley and offspring of the legendary Democratic machine "Boss", the late Richard J Daley. Unlike his hot-tempered and very public brother, 45-year-old Bill Daley is a smooth-talking behind-the-scenes operator with important connections in Washington and long-standing ties with organised labour. He has never run for political office.

Mr Daley accepted the NAFTA position after being passed over for a cabinet post and turning down an offer to be Mr

Clinton's chief negotiator at the General Agreement on Tariffs and Trade in Geneva.

He chaired Mr Clinton's election campaign in Illinois, where he delivered 48 per cent of the vote to Clinton, above the national average, and continues as a tangible supporter. Most recently, he arranged a posh Chicago dinner for the president that raised \$1m (\$870,000).

However, Mr Daley's appointment to chair the White House's task force on the North America Free Trade Agreement is not a cosy political payoff. Recent polls show that as many as two-thirds of the American people do not support NAFTA, and grassroots opposition fuelled by labour groups is growing.

Mr Clinton himself reserved his support for the deal, negotiated under George Bush's administration, until side agreements dealing with envi-



Daley: risks alienating labour

ronmental and labour issues were reached last month. Many Democrats in Congress, including some in the powerful Illinois delegation, are uncommitted. With the agreement fated to unravel if it is not ratified by January 1, the battle for congressional support will be

ferce, fast, and visible.

Mr Daley was chosen for the job, Chicago observers say, because he has proven he can sway votes and is willing to take the risk of losing a controversial battle. "Bill Daley is no Washington neophyte. Clinton needs someone with political sense to move this thing through Congress, and Daley has the connections," says a fellow Washington lobbyist.

Opposition to NAFTA comes from core Democratic constituencies, making it a potential political pothole for Mr Clinton. Mr Daley's talents have been summoned, insiders say, to convince moderate Democrats to back the agreement.

The president needs 218 votes in the House to ratify NAFTA. The administration counts 125 Republicans in favour of the agreement. Clinton ally and fellow Chicago Democrat, Mr Dan Rostenkowski, chairman of the House

ways and means committee, is expected to deliver the 20 Democrats on his committee. However, Mr Rostenkowski is under investigation for improper use of his post office perks and faces an uneasy future.

By rough count, Mr Daley will have to marshal 73 votes from Democratic representatives of states standing to gain the most from the agreement: those along the border with Mexico and those with big agricultural, consumer product, or manufacturing export interests.

His Chicago-style back-room muscle will be an invisible counterweight to the public tactics of NAFTA's most prominent opponent, Mr Ross Perot. Mr Perot's populist anti-NAFTA campaign touts the "giant sucking sound" that will be heard as NAFTA-loosened jobs flow south of the Texas border. "It is a very interesting juxtaposition of styles," says Chicago political commentator Mr Bruce DuMont. "Bill Daley is like a Stealth bomber. You may not see him, but you'll see the results."

Mr Daley has taken four months out from his Chicago law firm to lead the NAFTA push. He recently rejoined the firm after a three-year stint as president of the Amalgamated Bank of Chicago, which was founded by the Amalgamated Textile Workers union in 1922. Although it passed into private ownership in 1966, its board is still dominated by high-profile union officials.

Mr Clinton may be banking on Mr Daley's union ties to help the NAFTA effort. However, Mr Daley, by pushing NAFTA, runs the risk of alienating his union supporters. Mr Jim Jontz, former congressman from Indiana and director of the anti-NAFTA Citizens' Trade Campaign, said: "I don't know why Bill Daley would want to be in a position like that. It's just wrong."

The four airlines aim to complete a memorandum of understanding by mid-September, covering an operating agreement that could lead ultimately to a full merger.

## Ansaldo wins UAE power contract

A consortium led by Ansaldo, the engineering subsidiary of the Italian state-controlled Finmeccanica group, has won a L800bn (\$335bn) contract for a power station and desalination plant in the United Arab Emirates, Haig Simonian writes from Milan.

The complex, at Mirfa, involves a 180MW power station using four Siemens 45MW gas turbines and a desalination plant capable of purifying 16.2m gallons of water a day.

The new plant, to be ready by end 1995, will supply electricity and irrigation water. Ansaldo will supply alternators, heat exchangers, the desalination facility and electric units, while Bologna-based Fochi Energia will handle installation. Civil engineering work will be done by the local subsidiary of Belgium's Six Constructions.



# Swan Hunter loses Omani military order to France

By David White  
and Chris Tighe

PROSPECTS for Swan Hunter, the struggling warship builder on Tyneside in north-east England, have suffered a further blow with the loss of a crucial Omani order to French competition.

The Cherbourg shipyard, Constructions Mécaniques de

Normandie said it signed a firm contract yesterday to build three large patrol craft for Oman's navy.

The contract, worth about £50m, is expected to lead to orders for up to five more vessels of the same type.

Swan Hunter, in receivership since May, was counting on winning the order to enhance its appeal to potential buyers.

It has no shipbuilding orders beyond the completion of work on three Type 23 frigates for the British navy.

Failure to win the Oman order has set back hopes of selling the company as a shipbuilder. Union officials said it was likely to cost 100 more jobs from a workforce of 1,700, already cut by 700 since May.

Mr Eddie Darke, the union official leading the Save Our Swans campaign, attacked the government for failing to back Swan Hunter's bid with £8m worth of performance and other guarantees.

Joint receiver Mr Gordon Horsfield of Price Waterhouse said the news was "obviously a disappointment" although not unexpected. He indicated Swans was unlikely to win

orders of this type until a buyer was found for the yard.

Yesterday's deal is a French breakthrough in what has traditionally been a British preserve. CMN and Swan Hunter were both shortlisted after the Dutch shipyard Royal Scheelde was eliminated from the contest. Vosper Thornycroft of the UK also competed initially.

Vosper received an order

from Oman last year for two larger vessels - missile corvettes together worth about £150m. The Omanis opted to equip them with French Crotale missile systems. In another fierce Middle East contest, CMN and Vosper are vying with other European builders to supply missile-carrying patrol boats to Kuwait. The French yard, which

employs 500 people, has seen its fortunes revive since it passed to new ownership early last year under a specially formed company, Sofina. But the company said it was "far from saturated" with orders.

The 54-metre vessels to be supplied to Oman are of the same type as the French navy's 2400 fast attack craft, built by CMN in the late 1980s.

## Britain in brief



## Regions are angry at bid for EC aid

Defence groups yesterday criticised the government for seeking only £15m in regional aid from the European Commission to help areas hit by military spending cuts.

Organisations representing regions where falling defence orders have led to plant closures and thousands of job losses said the application for a share of the £100m Konver fund would not cover the costs of helping companies diversify into civilian production.

Under the Konver scheme, the government had until yesterday to submit its spending needs to help areas dependent on the defence industry.

The government said Britain was seeking £22.1m in aid, which would be matched by the government, local authorities or the private sector.

In Lancashire, north-western England, where defence cuts have been blamed for 7,000 job losses in recent years, officials expressed dismay at the UK submission. Mr David Miller, director of economic development at Lancashire Enterprise, said: "We've already won matching funds for projects worth £11m next year. Now the government is only offering us £2.4m - the money just isn't enough."

Officials at the Department of Trade and Industry denied the government had submitted an application for less money than Britain deserved. In Brussels, the Commission said aid to Britain could be increased in future years.

## University rejections up

Rejections of candidates by universities have increased by 10 per cent this year compared with last year.

The figures confirmed predictions that admissions would be much tighter following better A-level results than expected and a cut in government funds for arts courses.

## Cabinet moves criticised

Mr Gordon Brown, shadow chancellor, said there should be a delay of at least two years between a minister's leaving office and taking up a post in private business.

He was responding to the announcement on Tuesday that Mr Norman Lamont, former chancellor, had been appointed non-executive director of merchant bank N.M. Rothschild less than four months after his departure from government. He remains an MP.

"The public will be very concerned about cabinet ministers moving straight from the cabinet room to the boardroom of companies heavily involved in privatisations," Mr Brown said.

## BR to contest door claims

British Rail said it would contest legal action over the safety of doors on some InterCity trains after a series of accidents in which passengers died falling from carriages.

InterCity, the high-speed division of BR, is facing the first compensation claims relating to the doors since a Health and Safety Executive report in May criticised the locks on older rolling stock.

The executive called for modifications to doors following 185 deaths between 1981 and 1990.

# Sky launches 12-channel package

By Raymond Snoddy

MR RUPERT Murdoch, chairman of News Corporation, yesterday formally launched Sky Multi-Channels in London with the help of a boat constructor, a Humphrey Bogart look-a-like and crowds of children.

More channels are being offered to viewers but fewer are "free". British Sky Broadcasting - in which Pearson, owner of the Financial Times has a significant stake - will now be essentially a subscription service paid for month by month.

From today, only Sky News of the original six Sky Television channels will be freely available across Europe. Without a subscription, viewers will no longer be able to see Sky One, the most popular channel.

For the consumer, £8.99 a month - £2.99 a month until the end of the year - will buy a 12 channel package ranging from Sky One and Discovery, the factual channel, to Country Music Television, UK Living and Nickelodeon, a children's channel. Within this package, only MTV, the pop music channel, and Sky News will be freely available. Buy one of the premium services such as Sky Sports or Sky Movies and the monthly bill rises to £11.99. The entire package will cost £19.99 a month.

Broadcasters such as Viacom and United Artists Programming of the US, which have joined the Sky package, will get 15p per subscriber each month.

The move to subscription



Rupert Murdoch yesterday: "It was our marketing drive that got the dishes on the roofs"

represents both a risk and an opportunity for Mr Murdoch.

If more viewers can be persuaded to pay for extra channels, revenue could be generated which could make BSkyB and its affiliated channels one of the most powerful forces in British broadcasting.

Mr Murdoch will face new competition in October from

Mr Ted Turner who plans to launch two new channels in the UK - TNT, a channel which includes films, and the Cartoon Network. These are in addition to his existing Cable News Network. All three will be available without subscription and could form the nucleus of a collection of channels funded by advertising.

News Corporation has cut the price of The Times, its quality UK national daily, by 15p to 30p.

The move follows an experimental price cut in the county of Kent which produced a consistent rise in circulation of between 12 per cent and 15 per cent since it was introduced on August 2.

THE INTERNATIONAL pharmaceutical industry is carrying out clinical trials on 33 drugs intended to improve memory in elderly patients, said Professor Brenda Costall of Bradford University's pharmacology department.

"The memory-enhancing drugs will not do anything in the normal brain, but they do help if the memory is impaired through age," she said. One of the drugs is Zofran, which Glaxo of the UK sells as a treatment for nausea in patients receiving surgery or chemotherapy.

Professor Mark Ferguson of the Department of Cell and Structural Biology at the University of Manchester yesterday told the British Association conference at Keele University in the Midlands that this would allow health-care to be better targeted and more cost-effective.

Not all environmental agents cause disease in all people, so there is clearly a genetic basis to susceptibility, he said. "Understanding how different individuals respond to different external factors is of major importance in trying to understand and prevent, as well as treat, a number of important disorders."

If the main susceptibility genes could be mapped, it would be possible to produce a health passport for every individual and everyone could be given appropriate preventive advice and screening.

"Everyone knows of the association between smoking

# Court setback for Costco

Guy de Jonquieres,  
Consumer Industries Editor

A HIGH Court judge yesterday granted Britain's three largest supermarket chains the right to an early hearing in their attempt to block Costco, a US-owned warehouse club, from opening its first UK outlet in Thurrock on the eastern outskirts of London.

The ruling by Mr Justice Brooke came as Hertsmere district council approved in principle an application by Costco to open an outlet at Bushey on the northern edge of London.

The J. Sainsbury, Tesco and Safeway store chains are jointly opposing the decision

last May by Thurrock council to award Costco planning permission for a warehouse as a wholesale operation and not as a retailer.

Costco, which plans to sell goods ranging from baked beans to car tyres at deeply discounted prices, argues it is not a retailer because it will sell only to club members.

But the supermarkets say Costco should be subject to planning rules similar to those imposed on retailers.

The supermarkets' legal challenge had not been expected to be heard for at least 18 months, well after the planned opening of the Thurrock warehouse in late November. Mr

Justice Brooke set no date for a hearing, but said it was "in the public interest" for the issues raised to be settled quickly.

He also denied Costco leave to appeal against his decision and awarded costs against the company.

The case will be watched closely by many retailers as a test case with important implications for competition in the industry. The supermarkets, which have invested large sums in superstores, fear Costco and other warehouse clubs would have an unfair advantage if they were not required to operate from scarce and expensive retail sites.

## BRITISH ASSOCIATION FOR THE ADVANCEMENT OF SCIENCE

# Health cards may list personal risks

By Nusie Moran

BETTER UNDERSTANDING of the interaction between genes and the environment, which controls an individual's susceptibility to disease, could lead to personal health cards that identify areas of risk and enable individuals to monitor their progress.

This could be one result of a new field of research called ecogenetics which examines the way an individual's genetic make-up responds to environmental factors, for example chemicals, food additives or smoking.

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If the main susceptibility genes could be mapped, it would be possible to produce a health passport for every individual and everyone could be given appropriate preventive advice and screening.

"Everyone knows of the association between smoking

# Shut more hospitals, says head of review

By Clive Cookson,  
Science Editor

MORE LARGE inner-city hospitals should be closed according to Sir Bernard Tomlinson, author of the government report which last year recommended closing several London hospitals.

"Every city should take a fresh look at its hospital base," Sir Bernard told the British Association meeting. "Actual closure of hospitals has so far mostly involved smaller peripheral or speciality hospitals, but it is now necessary to consider the closure of some large hospitals, most of which are in inner cities."

Sir Bernard, former professor of pathology at Newcastle upon Tyne University, said the main factor forcing change was medical progress which enabled family doctors to treat at home many patients who would previously have required hospital care.

He said London's health services needed greater changes than those of any other city. "No other city has such a concentration of expensive teaching hospitals," he explained. "Specialist medical and surgical units abound across a few square miles." In contrast, Sir Bernard said, London's primary services are worse than those of any other city, with fewer medical, nursing and support staff.

It would be possible to target screening services such as breast cancer to those with a known genetic risk. It would also help to spot the disease in its early stages when treatment is more effective. "The health service could be transformed from one dealing with disease to one where preventive medicine was dominant," he said. Health cards would create ethical problems, Prof Ferguson added. Insurance companies might use them to discriminate against people with known susceptibilities to disease.

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# Central bank says recession will return

By Emma Tucker,  
Economics Staff

RAPID ECONOMIC expansion will fuel inflation and usher in another recession after only a few good years, Mr Eddie George, governor of the Bank of England, warned yesterday.

Mr George said in an interview with Securities and Investment Review that the UK's economic policymaking establishment should learn from its mistakes. Commenting on the boom of the late 1980s, he said: "Very simply, the mistake was that we let the pound get out of hand and lost con-

trol of inflation as a result. That is something we have to avoid in the future."

The governor said his personal ambition was for growth to increase faster than inflation. "You should not settle for anything less than an effective elimination of inflation," he continued. In reality, this is probably captured by the zero to 2 per cent medium-term objective which the government has set," he said.

Mr George gave the impression that he was against significant tax increases, adding that the public-sector deficit would benefit from the resumption of

growth. "The impact of economic activity on the deficit can be larger than people allow," he said, cautioning against instant solutions to restrain the public borrowing.

The recovery in the UK will not be strong enough to make a big dent in the budget deficit and tax increases will be necessary over the next few years, the Economist Intelligence Unit predicted yesterday.

The unit expected recovery to continue in the second half of this year at the same pace as in the first, but said tighter fiscal policy and slow earnings

growth would prevent it from gaining further momentum.

The unit expected the economy to expand by 1.4 per cent this year and 2.2 per cent next year. Growth in 1995, 1996 and 1997 will not rise above 2.3 per cent, it suggested. It was convinced that the government's medium-term aim of bringing inflation down to the bottom of the 1 per cent to 4 per cent target range would be "for-saken in favour of stronger economic growth."

It concludes that retail price inflation will average about 3.9 per cent over the period 1994-97.

# Fledgling index seeks friends

ONE OF the most closely tracked economic indicators in the US is the widely known National Association of Purchasing Managers (NAPM) index, which has been compiled since 1931. Its smaller UK counterpart has been running for only two years, and exerts far less influence on markets.

The US index is based on a survey of purchasing managers who control the spending of hundreds of billions of dollars of corporate cash each year. Economists believe the index gives an early indication each month of the health of the manufacturing sector.

The theory behind the survey is that purchasing managers anticipate the needs of growing businesses and cut spending when business slows. The index is constructed from their responses on output, orders, purchases, delivery times, stocks and employment - all of which which give an

## Emma Tucker on an attempt to emulate a respected US indicator

early indicator of trends in manufacturing output.

The US methodology is used in the UK by the Chartered Institute of Purchasing and Supply, which gathers the responses of 250 purchasing managers every month.

The latest results of the UK survey indicate that manufacturing output is continuing to expand, although more slowly than in previous months.

The good news is that the index remains above 50 per cent, indicating that there has been expansion in the manufacturing sector for the seventh consecutive month.

The bad news is that the August reading of 51.8 per cent was the lowest figure in the UK index since February, possibly indicating a slowdown in the pace of expansion in the

manufacturing sector. While valuable as an early indicator - the UK purchasing managers' index indicates the trends in manufacturing several weeks before the official data is produced - the index suffers because it has been compiled for such a short time. That means the institute has been unable to develop a system of seasonal adjustment, a shortcoming which lowers the value of the index in the eyes of some economists.

"We often refer to the purchasing managers' index," said Mr Neil Williams, UK economist at Country NatWest Investment Management. "But... it is not as accurate as the monthly Confederation of British Industry survey which has a high correlation with manufacturing output."

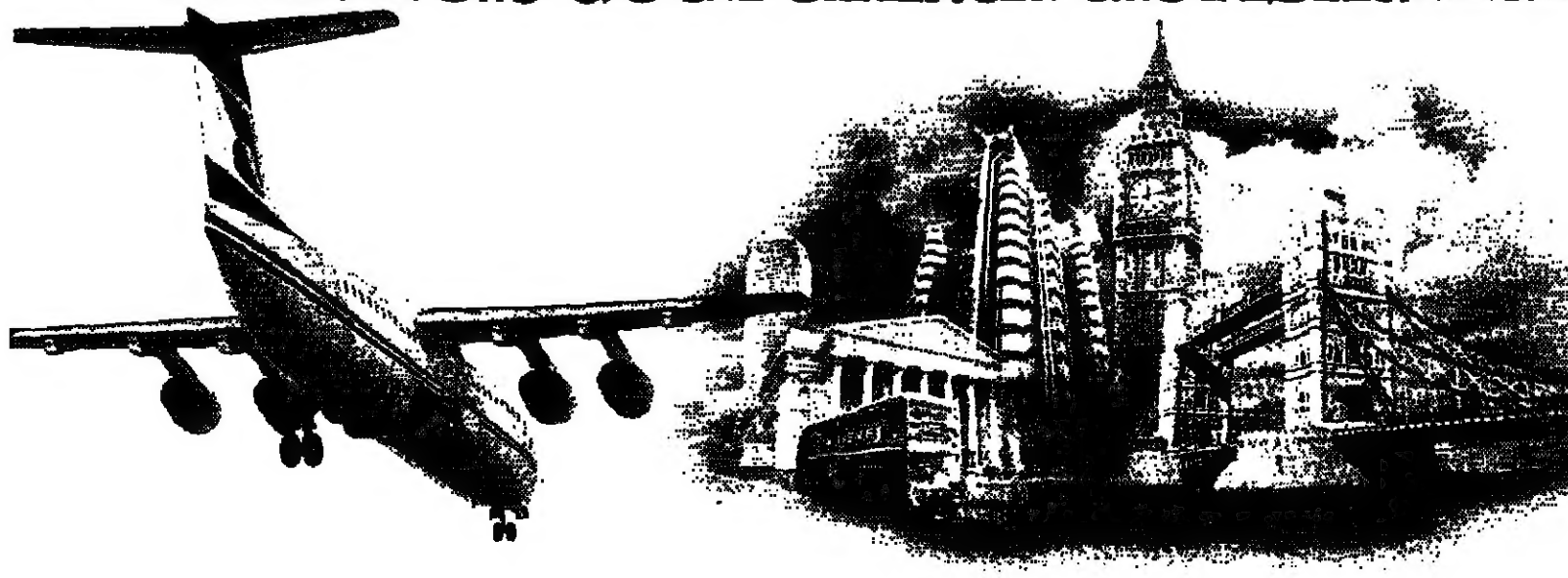
Nonetheless, the purchasing manager's index is gaining fans and the results of the monthly inquiry are now watched by the Treasury.

The UK Treasury stated in a recent assessment of the UK index that it acted as a potentially useful early-warning indicator of current trends in manufacturing activity.

So far this year the index has certainly proved fairly accurate in signalling robust rises in manufacturing output, which later showed up in official figures. Given time, the UK index may take on the hallowed status of the US NAPM.

"The [UK] index ought to be something that people are looking at over here," said Mr Robert Barry, economist at Barclays de Zoete Wedd in London. "It gives a good handle on what is going on right now, rather than the official data which is always retrospective."

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**BUSINESS AIR**



# Forced to plough new furrows

As competition increases UK farmers must sharpen up their sales skills, argues Alison Maitland

It's a story that would make Popeye green with envy. An old, established farming family sets out to transform the popular image of spinach as a bitter-tasting vegetable covered in soil, which turns to gritty slime when cooked and is only forced down because it does you good. The family cuts the young leaves above ground level to avoid the dirt and packs them in oxygen-filled, perforated bags to increase their supermarket shelf life from a few hours to three days.

Britons subsequently develop a taste for American-style spinach salads and the family company raises its share of the UK fresh spinach market from 20 per cent to 75 per cent in four years.

John and William Emmett's vision was them an award from Adas, the British government's agricultural development service. It says they provide a shining example of what can be achieved through successful marketing, a technique under-used by farmers in the UK.

This deficiency in marketing skills is part of the reason for Britain's £5.9bn trade deficit in food and drink, nearly half of last year's total deficit. In comparison, most of Britain's north European competitors, with similar climates and types of agriculture, have food trading surpluses.

This difference in performance has prompted a serious bout of soul-searching, including the personal intervention of Prime Minister John Major. He has set up an initiative on Food Marketing, chaired by David Nash, president of the National Farmers' Union, and brings together senior representatives of the food industry.

Industry leaders in Britain believe that more than half of the country's food trade gap could be filled with home-grown produce. To find out why retailers and pro-

cessors import food rather than purchase home-grown produce, Adas conducted an anonymous survey of 100 leading food buyers, published this summer. Their answer was that British farmers excelled in producing clean, fresh, flavoursome food, but fell down badly on effective marketing and responsiveness to customers' needs.

"If I ask British producers for something different, or a slight alteration to their product, it's like coming up against a brick wall," said one respondent.

Another complained: "If I want to source cauliflowers in the UK, I have to rush about for hours trying to find a suitable supplier. By making one phone call to the Netherlands, I can get a fax back within the hour, specifying availability, prices, delivery and everything else I need to know."

The survey produced indignant protests from UK farmers. Adas, however, is unrepentant in pressing home its message that more market-orientation is needed now than ever before. With the European single market, the reform of the Common Agricultural Policy and the chances of a successful outcome to the Gatt talks, it believes the writing is on the wall for farmers who refuse to adapt.

"They can't be blamed for ignoring marketing in the past, because high support prices under the CAP have encouraged the sale of commodities into intervention stores," says Chris Bouchier, head of agricultural development at Adas.

"But times are changing. With increasing competition and the prospect of reduced subsidies, our producers will have to provide not only a competitive product but a competitive service too, every bit as good as producers abroad."

North European marketing success has been built on the work of co-operatives. These have brought together large numbers of small farmers, ensuring supplies throughout the year to the standards demanded by the increasingly concentrated and powerful food manufacturers and retailers. They have successfully produced a closer relationship between the growers, processors and retailers.

Co-operatives sell 55 per cent of agricultural output in the Netherlands and 50 per cent in France, compared with only 10 per cent in the UK, according to Food from Britain, the promotional agency set up in 1983.

Earlier this year, a government-funded study of food marketing in Britain and the Netherlands -

which has a £10m trade surplus in food and agricultural products - found that Dutch farmers take a longer-term view of their markets and show greater innovation.

The report, by Wye agricultural college, urged British farmers to show greater understanding of the changing needs of their final customers - and the big food buyers.

"These are not trite phrases, they are fundamental to attaining marketing success and too few UK agricultural businesses have come to terms with them," it said.

There are some highly successful co-operatives in the UK, especially in sectors that have not been swayed by EC farm supports. Kentish Garden, for example, has captured 40 per cent of supermarket soft-fruit sales by extending the growing season and improving presentation. From 15 members and turnover of £180,000 in 1970, it now comprises 58 growers and expects sales this year of £14m.

Some co-operatives have collapsed and others have been ineffective, partly because of farmer interference in their management and marketing efforts. This has discouraged an industry known to prefer tried and tested ways. It also seems that in general British farmers, being bigger and more independent

I DON'T CARE IF IT DOES REPRESENT A BREAKTHROUGH IN MARKETING PHILOSOPHY. IT'S SPINACH AND I HATE IT.



than their continental counterparts, have felt less need for collaboration.

Operating in isolation from each other has meant being isolated from some parts of the food supply chain. And the success of the big supermarkets has resulted in resentment from some sections of the farming community. Out of the 570th spent by consumers on food in the UK last year, farmers received just £14bn.

Moves to improve communications within the food chain are under way. The Strathclyde project, set up by Safeway in 1991 and managed by Strathclyde University, aims to do just this by bringing together producers, manufacturers, retailers and caterers.

Teresa Wickham, Safeway's director of corporate affairs, is optimistic. "The British producer is waking up to the fact that you have got to

have export quality produce on the home market," she says. But she accepts that "people can't switch their whole attitude overnight".

Safeway now buys 82 per cent of its produce in Britain and hopes to raise this to 85 per cent by 1995.

At the producer end, the National Union of Farmers has been trying to open up export opportunities and improve the image of British food abroad with its Food from the Countryside campaign.

Marketing efforts have done little in the past to reduce the food trade gap, but many in the industry believe these new projects will be more successful. The reason for this optimism is that economic circumstances have changed and farmers must therefore change too.

Market forces are, for example, being imposed on farmers almost overnight in the dairy sector, with the ending of the Milk Marketing Board's monopoly next year.

Government intervention of this kind has an important role, according to the Wye college report, but change has to come from within. "It is farmers, collectively and individually, that must instigate improved marketing performance, driven by desire for economic survival and financial gain."

That cultural change, if it happens, will be led by producers such as the Emmetts. Recognising a market for their spinach all year round, they have forged links with Spanish and Italian producers to supply them with produce of the same quality in the winter months when home-grown spinach is not available.

The company is now investing £300,000 in new machinery to double production to 8m packs a year. Chris Kersley, sales and marketing director, says they have the Dutch and Scandinavian markets in their sights and plan to "export with a vengeance".

This year's league table of brand valuations, published last month by the US magazine *Financial World*, contained a relatively unremarkable surprise. Ahead of all but two of the world's leading brands was semiconductor giant Intel - straight in at number three, with a brand value of \$17.8bn (£12bn). This places it behind the magazine's estimated value of the world's biggest brand, Marlboro, worth \$99bn and second-place Coca-Cola, worth \$33.4bn - but in front of long-standing leaders such as Nestlé, Kellogg and Kodak.

The company is only the second electronics company to make the list of 111 brands, the other being chip competitor Motorola, placed 14th with a value of \$4.1bn. The result reflects several years of hard work by the company to promote its brand. Although given a big boost

## Coke and chips - of the silicon kind

Malcolm Wheatley looks at the brand valuation of Intel, the semiconductor group

by being selected as the chip to power the first IBM PCs - and therefore most of those that followed - users generally remained ignorant of the company and its products. That changed when competitors, such as Cyrix and AMD, arrived on the scene. A blizzard of lawsuits demonstrated Intel's determination to keep its lucrative patch to itself. Intel also launched a multi-media advertising campaign, "Intel Inside", to persuade PC buyers and specifiers to stipulate PCs powered by Intel chips.

But other companies advertise just as much - if not more. What

has Intel got that brands such as Nestlé, Kellogg and Kodak have not? The answer emerges from a look at how the figures are calculated. *Financial World* says it follows an approach similar to that employed by London-based Interbrand, a branding consultancy. First, gross operating profits are determined. Then an amount equivalent to what an unbranded, generic producer of the same product would have achieved is deducted, based on a net return on capital employed of 5 per cent. After a provision for taxes, the balance is assumed to be brand-related profits, to which are

applied a "brand strength" multiple. This reflects seven factors, including the brand's leadership, its communication effectiveness and the degree of legal protection it has.

Quite apart from growing scepticism about brand value generally, last year's valuation would have caught several of these on a high. After years of wrangling in the California courts, Intel's patent infringement suits still rumble on - but are fast becoming an argument over yesterday's technology. Competitors will in future design from the ground up, to avoid the very legal protection that has boosted

this year's brand valuation. The communication effectiveness factor was also strong this year, thanks to the "Intel Inside" campaign's bolstering of the brand. The strength of the leadership factor may not remain at its present level either.

Publicly, Intel remains sanguine. "Consistency over time is a brand strength too," argues worldwide marketing vice-president Dennis L. Carter. Carter denies the company is seeking to lobby Washington to allow brand valuations to be reflected on balance sheets, as they can in the UK. In launching its low-power range of microprocessors last month, the company had trumpeted

chips. This would mean that the PowerPC range would emulate Intel chips so closely that users would not know nor care what type of chip was in their computers.

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its influence with the Clinton administration in getting Energy Star-compliant computers mandated in government procurement policy.

Indeed, what is surprising is Intel's apparent indifference to the opportunities to exploit brand value. Carter claims the new Pentium chip is identified closely enough with the Intel name and says it is "too soon" to decide whether the name of the sixth-generation chip should attempt to capitalise on the company's brand strength. Likewise, he adds, there are no plans to extend radically the relatively small range of consumer-oriented retail products, such as add-on cards, modems and plug-in "Overdrive" chips, in order to win more business from consumers who are more likely than PC manufacturers to be influenced by brand-strength factors.

## PEOPLE

### Turner replaces Maxwell at BPB

BPB Industries has said goodbye to John Maxwell, its chief executive. He first joined the company on April 1 1982 as finance director and chief executive.

Maxwell finally moved up to the chief executive post on November 25. His precipitate resignation has come after the company's chairman, Alan Turner, began to feel that "his appointment was not proving suitable... although he was very popular".

Turner is once again taking up the newly vacated chief executive spot, having originally been appointed chief executive in 1978 and having held the same post from 1985

up to Maxwell's elevation. BPB Industries, predominantly known as a manufacturer of plasterboard, is facing tougher times in Europe, particularly in the important French, Italian and Spanish markets.

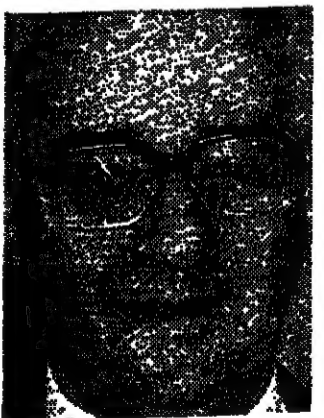
"Historically a monopoly company, it's now having to embrace a new competitive atmosphere on the continent of Europe," says one analyst, who sees the departure of Maxwell as a reflection of disagreements over how best to tackle the price war now raging on the continent for BPB's types of product.

"There was no personality clash and nothing has hap-

pened which is going to affect the next set of results. As finance director, Maxwell did a wonderful job," said a spokesman for BPB.

Does Turner plan on staying on as chief executive for long, or is the company looking for a swift replacement? "It's three years since we went outside for a chief executive and in that time the group's been through one hell of a rationalisation programme in the middle of a recession, in the face of intense competition and a price war. We have come through that and the management we have is pretty battle-hardened... I hope that we will find someone internally," he says.

### Sir Len Peach moves into Coutts Consulting



Coutts Consulting, the career consultancy, outplacement and residential training group, (formerly D.C. Gardner), has appointed Sir Len Peach as a non-executive director.

Sir Len has an extensive background in the field known as human resource management. In his 30 years with IBM between 1973-82 he held a host of posts in the personnel and corporate affairs fields, including running the company's European, African and Middle East personnel affairs from Paris in the mid-1970s.

Latterly he has shifted more towards the public sector. In 1992 he became chairman of the embattled Police Complaints Authority. He had been chief executive of the National Health Service's management board between 1986-89.

His experience helping staff go through rough times will be useful at Coutts itself. Not only is the group in open dispute with Barry Topple, its former

#### Other non-execs

■ Roger Cadbury, former md of General Foods and group md of Whitworth Holdings, at EASTERN COUNTIES NEWSPAPERS.

■ Bill Caldwell, formerly a senior partner of Price Waterhouse, as chairman at H. YOUNG HOLDINGS on the retirement of John Wilson.

■ Robin Manners, recently retired personnel director of Bass, at MATTHEW CLARK; Peter Kelley has resigned.

■ John Cowan has resigned from NORMAN HAY.

■ Alan Grive, chairman of The Jerwood Foundation, at WILSON BOWDEN.

■ Jeremy Plummer, a director of London & Edinburgh Trust UK and of LET EUROPE, as joint deputy chairman of STOCKHOLM & EDINBURGH INVESTMENTS.

■ Bridget de Margary as chairman and David Hall at HARRISON INDUSTRIES following its acquisition by Stratagem Group; Ken Hodgson and The Viscount Slim have resigned.

■ Riccardo Caresani has retired from YORKSHIRE CHEMICALS.

■ Sean Conway, founder shareholder and director of PCS Group which was

acquired by Nescio Investments in 1988, at NESCO.

■ Sir David Nickson as deputy chairman at GENERAL ACCIDENT Fire and Life Assurance in place of the late Robert Adam.

■ Ian Small, md of Guernsey-based Anvil Projects, at DE MORGAN GROUP.

■ Barrie Cottingham, until recently partner in charge of Coopers & Lybrand's Sheffield office, at SHEFFIELD INSULATIONS GROUP.

■ Sir Richard Storey at FOREIGN & COLONIAL SMALLER COMPANIES.

■ Richard Lockwood has resigned from BUTTE MINING.

■ Rex Clark, a former senior vice-president at Sterling Drug and now dean of the Business School of Leeds Metropolitan University, and Philip Howard, recently retired chairman of the electric motors division of Hawker Siddeley, part of BTR, at YORKSHIRE CHEMICALS.

■ Neil Hannah, executive chairman of commercial property surveyors James England, at PENDRAGON.

■ John Corrin (below), chief executive of Allied Textile Companies, at BIREBY.

■ Porter Chadburn, the packaging, distribution and leisure company, has decided to split the function of chairman and chief executive. Raymond Dinkin will continue as chief executive and Patrick Barrett, deputy chairman since 1990, will become non-executive chairman as from September 14. Barrett is chief operating officer of Smurfit Continental Europe and has formerly been on the boards of UK Corrugated, Continental Can in the UK and IT Group.

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### Frost retires from NatWest



The passing of a management generation at National Westminster Bank was formally completed yesterday with the announcement of the retirement of Tom Frost, the bank's deputy chairman and its former chief executive.

Frost retired on reaching the age of 60, the bank's official retirement age. He became deputy chairman last year in order to devote time to clearing his name of misleading a government inquiry into the Blue Arrow affair.

NatWest has no plans to appoint another deputy to Lord Alexander, its full-time chairman, who oversaw the appointment of 45-year-old Derek Wanless to succeed Frost as chief executive last year. That appointment installed a new generation at the bank.

Frost became a director of NatWest in 1984 after becoming the first chief executive of its US retail bank operation. He was appointed group chief executive in 1987 before the bank becoming entangled in the Blue Arrow affair.

Mike Ramsay has taken early retirement as life and pensions director of TSB after 15 years at the bank. Ramsay, 48, is one of a swathe of managers affected by the integration of the bank's life insurance and retail banking operations.

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### REPUBLIC OF LEBANON MINISTRY OF NATIONAL EDUCATION & YOUTH & SPORTS COUNCIL FOR DEVELOPMENT AND RECONSTRUCTION

#### BEIRUT SPORT CITY PRE-QUALIFICATION OF CONTRACTORS

The Government of Lebanon, represented by the Ministry of National Education & Youth & Sports and the Council for Development and Reconstruction (CDR), invites applications from suitably qualified building and civil engineering contractors to pre-qualify to tender for the Rehabilitation and Construction of Beirut Sport City.

The Project will be financed by grants from Arab Countries. It will comprise the construction of the following main elements:

- A new olympic stadium for 50,000 seated spectators and its auxiliary services with an approximate built area of 60,000m<sup>2</sup> and about 27,000m<sup>2</sup> built-area of stands.
- A new swimming olympic center comprising:
  - 1- an open swimming pool for 2000 spectators
  - 2- an open diving pool for 1000 spectators
  - 3- a covered swimming pool for training. All the above cover an area of around 13,500 m<sup>2</sup>.
- An administrative building with an approximate built-up area of 2000 m<sup>2</sup>.
- An open tennis center comprising:
  - 1- a central court for 4000 spectators and their auxiliary services
  - 2- three other open tennis courts.
 All the above cover an area of around 10,000 m<sup>2</sup>.
- The rehabilitation of an existing indoor sports facility for 4000 spectators with an approximate area of 7000 m<sup>2</sup>.
- A turf club with an approximate area of 10,000 m<sup>2</sup>.
- A hotel of 120 bedrooms.
- The landscaping of the site (= 23 ha) consisting of the necessary network and infrastructure (roads, parking areas, piazza, green area, etc...)

The construction period is programmed for 24 months.

The tender period will be from 2nd of January to 28th of February 1994.

Pre-qualification applications must be on the basis of the pre-qualification document prepared by the Council for Development and Reconstruction, which will be available at the CDR offices against the sum of U.S.\$ Three Thousand (3000 \$) effective September 1, 1993 at the following address:

Council for Development and Reconstruction  
Tallet El-Serail  
Beirut - Lebanon.

Deadline for returning the duly completed pre-qualification document with all relevant supporting material is 12:00 noon (Beirut Local Time) on Friday 15/10/93.



It took six men three days to reassemble the 500-year-old fountain which forms the centre-piece of the dining room on the Maasdam, one of the biggest cruise liners under construction.

Its sister ship, the Statendam, already sailing the Caribbean for Holland America Line, boasts a three-storey atrium. The Costa Classica has 350 tonnes of marble among its luxury fittings, on a liner which has 53,700 gross registered tonnes.

Building cruise ships has become big business as interest in cruises has surged. Whereas the job was once largely a matter of converting former ocean liners, purpose-built vessels are now one of the fastest-growing sectors of the world ship-building industry.

The building of cruise ships has become more complex as operators have demanded what are, in effect, vast floating hotels. As the size and content have increased so has the cost. A 77,000 grt ship, such as P&O's Sun Princess, currently the biggest cruise vessel under construction, costs around \$300m (\$220m). Within the next four years, it will be dwarfed by a new 95,000 grt "mega ship", carrying 4,400 passengers and crew, being designed by Italy's state-owned Fincantieri yard.

The operators have sought larger vessels to achieve economies of scale and maximise profits. However, the shift poses challenges for the handful of naval architects and yards capable of building them.

"A normal merchant ship has about 100kg of outfitting for every tonne of steel," says Fincantieri's Gianfranco Bertaglia, one of the pioneer naval architects of the new vessels. "Today, we have to reckon with about one tonne of outfitting—glass, marble, leather and electronics—for every tonne of steel."

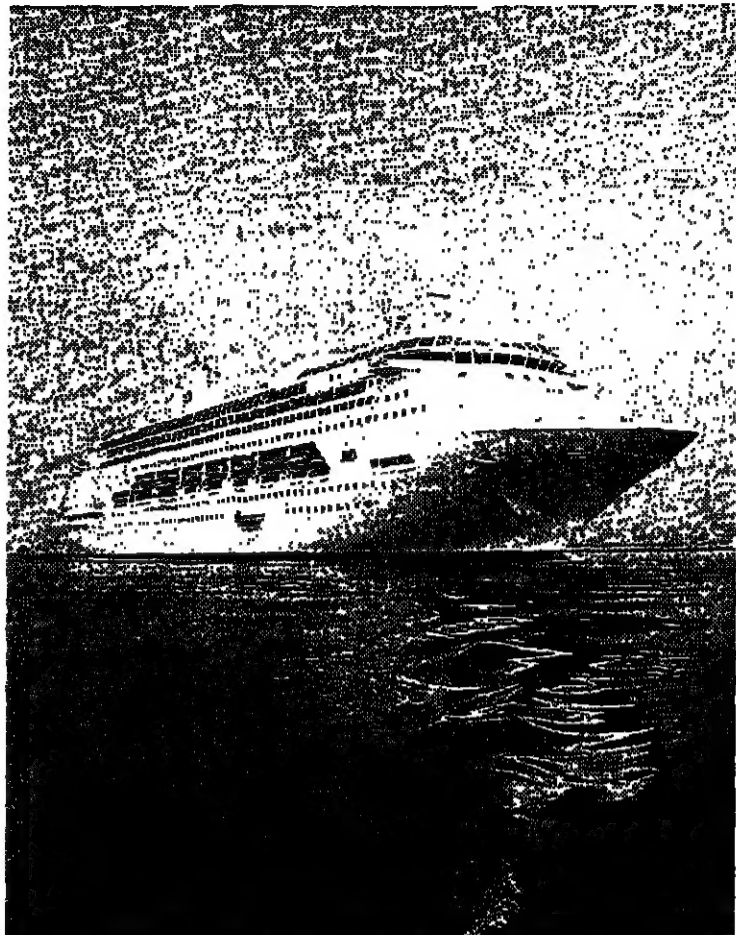
To keep the high cost of new vessel construction down has meant borrowing heavily from military technology. Rather than the traditional 15mm-thick steel plate used for merchant shipping, they have the 5mm plate found in battleships.

Thin plate processing lowers hull weights, allowing owners to fit less powerful, cheaper, engines and save fuel. However, it is considerably more difficult than conventional shipbuilding. Making a hull in thin steel, however, takes almost twice as long as building a traditional merchant vessel. "It's something between traditional shipbuilding and aircraft industry precision," says Bertaglia.

Electric engines, fed by big diesel generators, have become standard to reduce noise and vibration; stabilisation systems are increasingly sophisticated. Big ships operating from the US west coast to Alaska boast silent propulsion systems, seldom used on vessels other than bat-

## Ship-shape cruising

Designing liners has become more complex as demand for bigger vessels increases, writes Haig Simonian



Life on the ocean waves - P&O's popular Crown Princess

tle submarines, to avoid scaring away the whales which many passengers want to see.

Increased complexity means that only four yards specialise in the big cruise ships of today - Kvaerner-Mase of Finland, Chantiers de l'Atlantique, owned by France's Alstom engineering group, Meyer Werft of Germany and Italy's Fincantieri.

The number of clients has also shrunk. Carnival Cruises of the US (owner of Holland America), the biggest, has ordered the "mega ship": Royal Caribbean Cruise Lines, also US-based, operates the Sovereign of the Seas, the biggest of the new generation cruise ships

afloat; Scandinavia's Kloster group owns the even bigger Norway. Britain's P&O group and Italy's Costa Crociere complete the handful.

It is the overall design, rather than individual details, of the new boats which marks the biggest break with the past. Much of a naval architect's time is now spent on space utilisation and layout.

"We have to provide the maximum comfort and amusement in a very limited space," says Maurizio Cergol, the Fincantieri architect designing the new "mega ship". "We must offer what only the biggest hotels can give, with the difference that ours have to be packaged

into something shaped like a ship and which can float."

That means creating an environment capable of negotiating extreme weather, lists of up to 6 per cent and the noise and vibrations of engines of up to 50,000hp, which is also appealing to passengers.

The yards are facing an ever-moving target. Cut-throat competition among cruise operators means each new ship has to be "more special" than anything before. The exotic names, such as Sensation and Fantasy chosen by Carnival for a new range of ships, indicate the sort of atmosphere operators are trying to market to attract custom.

Each vessel also faces increasingly stringent safety standards. "Just to meet changing fire and smoke prevention rules on a ship of up to 12 decks is a task in itself," says Cergol. Waste disposal is another challenge. A ship carrying 4,000 passengers and crew produces large amounts of waste, which can no longer be dumped at sea.

And after the terrorist attack on the Achille Lauro cruise ship in the Mediterranean, even anti-terrorist precautions have to be included to protect the bridge and engine room from potential hijackers.

The new requirements have led to radical design changes. Moving lifeboats from their traditional position on the top deck, where they were suspended outwards, to an indented location lower down has made the new ships more stable and reduced the distance between the lifeboats and the water line.

The pressure to maximise space means the profile of modern cruise ships is also instantly distinguishable from those of even 15 years ago. The superstructure now starts very soon after the bow and stretches up to the stern. The emphasis on maximising internal space reflects the fact that most amenities, such as shopping centres and casinos, are indoors.

The changes are also geared to the new clientele taking a cruise, increasingly elderly. One liner plying the Caribbean expects to have about 40, elderly, wheelchair-bound people per cruise.

But the biggest design changes are hidden, say the architects. "The

challenge is to make sure everything interconnects properly. It's all a matter of flows," explains Cergol. "Take the galley, which to meet stringent US hygiene standards now resembles a cross between a normal kitchen and an operating theatre, with easy-to-clean tiled surfaces and stainless steel appliances everywhere. "The galley has to be carefully positioned. It must be next to the main restaurant. But it also needs easy access to refrigerated food stores, and should be readily accessible when embarking fresh food in port," he explains.

Passengers paying thousands of dollars for a cruise do not want to have such mundane functions intruding on their enjoyment. The same applies to the essential, but often forgotten services such as the laundry or crew lifts.

"It's like a chess game. Say the cruise line wants to feature the restaurant at the stern; that affects a string of other factors such as lifts and stores," says Cergol. "Each ship is potentially very different."

Computer-aided design helps, but the architects have little opportunity to rectify mistakes. Most boats are built one-off, even with a rare contract for three sister ships, production deadlines are so tight that it is usually too late to alter the second on the basis of experience gained with the first.

"We have learned there are now some basic relationships that must be observed," says Bertaglia. "Putting a large pillar-free space, such as a restaurant, in a central location on a lower deck obviously affects calculations for distributing the weight of the thousands of tonnes of superstructure above."

While design and technology have changed so rapidly, Fincantieri's architects think innovation may now be reaching its limits.

Although the "mega ship" will have about 1,300 cabins, they think a figure of around 800 cabins is likely to remain the norm. Few operators are big enough to want or afford larger ships. "It's not so much the physical limits as the business risk," explains Corrado Antonini, Fincantieri's managing director. "Cruise lines don't want to put too many of their eggs in one basket." Demand for cruising seems to be satisfied at about the current sizes. And just berthing bigger vessels could cause difficulties at many ports of call.

Bertaglia forecasts cruise ships will likely turn into floating entertainment complexes while cruising will decline. "The future is to develop an artificial life inside one huge bubble. That implies deck space will be reduced even further." For a keen sailor in the Adriatic off Fincantieri's base in Trieste, it is an unappealing prospect. "A ship must be a ship, not an enormous, artificial, atoll, just floating around and hardly moving," he says.

## Development in common

Andrew Fisher on countries planning technological expansion

What do composite materials in Malaysia, solar energy in Botswana, telecommunications in Malta and packaging technology in Cyprus have in common? The answer is twofold: these countries are all keen to develop industries based on advanced technologies and they are all in the Commonwealth.

Helping these and other countries try to move their economies deeper into the modern industrial age is the Commonwealth Consultative Group on Technology Management. In February, it launched its Private Sector Partnership aimed at linking industry with the often complicated process of technology transfer.

Much of the impetus for the partnership approach has come from Malaysia which has embarked on an ambitious Vision 2020 programme to transform it into a fully developed country. "We cannot be in the front line of modern technology," said Mahathir Mohamad, the Malaysian prime minister announcing the country's programme two years ago. "But we must always try to catch up at least in those fields where we may have certain advantages."

One area Malaysia is trying to build up is products using composite materials, as in the Eagle XTS light aircraft being developed with Australia. With CCGTM's help, Malaysia is keen to use its knowledge of composites to make aircraft components and other products such as sporting equipment. It intends to set up a zone in the Malacca region for joint ventures in composites.

"Other countries are looking to see what Malaysia is doing," says Michaela Smith, manager of CCGTM. Three Malaysian companies, YTL (construction and power), Sapura (communications equipment) and Globe Silk Store, have joined the Private Sector Partnership. UK members include Cable & Wireless, GEC-Marconi, Rolls-Royce Industrial Power Group, Short Brothers and Shell International.

However, membership is not restricted to the Commonwealth. Non-Commonwealth nations can

become involved in individual projects or advisory programmes set up through the partnership. CCGTM has contacted France, Denmark and Germany about possible involvement. The partnership functions by drawing together the skills, contacts and resources of its members and using these to help countries upgrade their technological base.

In Botswana, solar energy, telecommunications and coating of diamonds for industrial use are areas in which partnership members are involved. Cyprus, helped by CCGTM in the area of quality management, is keen to develop in the textile and packaging sectors, possibly with help from Malaysian industry.

As part of its drive to become a telecommunications hub in the Mediterranean region, Malta has called on the help of the CCGTM partnership to involve international interests. Those showing interest include Mercury (the UK operation of Cable & Wireless), Hong Kong and Malaysian telecommunications interests, and Hong Kong shipping and banking concerns.

The Private Sector Partnership has responded to around 100 separate requests for advice. The concept has also sparked interest outside the 50-member Commonwealth. Next week, Smith and colleagues will be in Washington to talk to the Organisation of American States (OAS) about the partnership programme's relevance for South America. She hopes CCGTM and the OAS could eventually work together on technology transfer projects. Jonathan Solomon, executive director for strategy and corporate business development at Cable & Wireless, believes the CCGTM's partnership—soon to be set up as a UK-based company—could become a model for other organisations.

The benefits from the CCGTM's efforts will take time to show through, however. "We want to help countries galvanise their own people," says Omar Abdul Rahman, scientific adviser to the Malaysian prime minister. "We want more Commonwealth companies to be involved."

## SIEMENS

### Telecommunications

## Connecting the "Global Village"

Communication is a basic human requirement.

The largest business group within Siemens AG is concerned with the technical implementation of telecommunications in virtually every country in the world.

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In the USA, not only have we created significant production capacity and thereby jobs but we

have also sold more ports for our EWSD switching system than in any other country with the exception of Germany.

In Japan, a country whose quality standards require no further comment, we are the only foreign supplier of fiber optic cable approved by NTT. A cable with 4000 separate fibers is just one of our contributions to NTT's ambitious "Fiber To The Home" project in Japan.

In China, we are taking part in the country's rapid economic development through our production facilities and have already won orders from 19 separate telecommunications operators. And we have almost reached this total in Brazil too, where 17 major telecommunications operators have placed their trust in us.

Two major countries where we have recently won market access for our switching system are Russia and India.

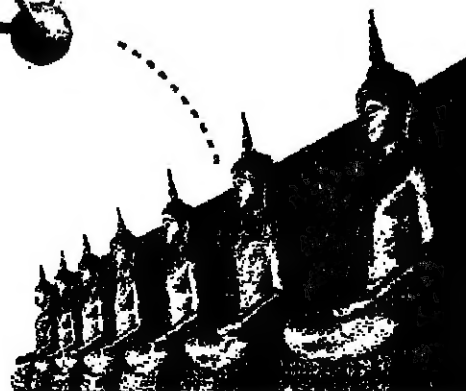
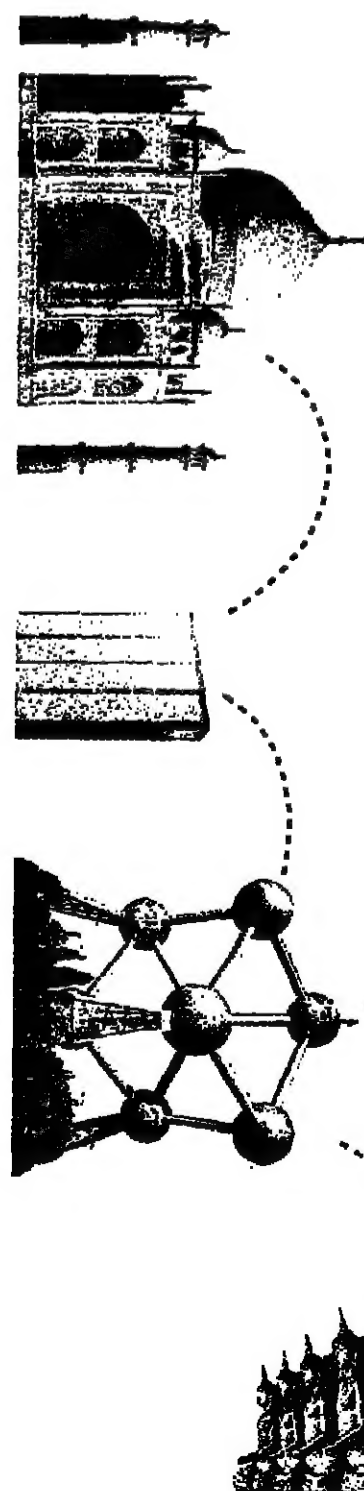
Russia, which has the largest surface area of any country in the world, is naturally very interested in reliable telecommunications.

India, the world's largest democracy in population terms, represents a special responsibility for us. There, we are treading in the footsteps of our company founder, who completed a major intercontinental project of the highest order in the London-Calcutta telegraph line.

In the framework of an advanced purchase order, we demonstrated by means of a validation exchange in Calcutta that we can meet the requirements of the Department of Telecommunications. The software development for further projects will take place in India, thereby underlining our philosophy of local value creation and transfer of know-how.

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## Proms Leipzig Gewandhaus Orchestra

WHEN Germany was divided, some of the country's most venerable musical institutions were left on the other side of the iron curtain. As they take their place again on the world stage, it is becoming increasingly clear how conscientiously traditions in musical life there were upheld.

The Leipzig Gewandhaus Orchestra is celebrating its 250th anniversary this year. That means it is older than most of the music which it plays - a remarkable thought. The orchestra's conductors have included Mendelssohn, Wagner, Mahler and Richard Strauss. It never disappeared from sight during its four decades in the Eastern bloc, but reconstruction has enabled it internationally and win the profile which its reputation would seem to demand.

There have been several visits to Britain recently, not all great successes. Two years ago the orchestra gave a Brahms symphony cycle at the Barbican under Kurt Masur, its Music Director since 1970, and all its wealth of tradition was not enough to make up for drab performances dominated by the strings (the wind and brass players might as well have been left behind at the airport).

This pair of Proms, in the Royal Albert Hall's more open acoustic, presented a different picture. The solo wind playing was one of the main pleasures at Monday's concert. Masur takes a sober view of Schubert's Unfinished Symphony, eliciting an endless thread of Schubertian melody into regular, four-square phrases; but when the solo oboe or clarinet played over hushed strings, the audience held its breath.

The same effect opened Bruckner's Fourth Symphony - solo horn this time, sensitive, unwavering, a magical opening to a symphony that makes romantic horn calls through a woodland of rustling strings its main motif. Masur had the brass blocked together in the middle at the back. From there they produced a well-contained sound, rather than an all-embracing pervasion at the end. But that was the only drawback in a warm-hearted and approachable performance. Bruckner with a touch of the early romantic.

That is the period of music at which the Leipzig players excel. In Tuesday's programme a selection of music from Mendelssohn's *A Midsummer Night's Dream* smiled gently, the strings with a lightness of touch, the wood with a prickly grin, though brass and trumpet were again not much in evidence. Masur has the warmth and affection for the music; the players supplied the sparkle of the ensemble.

Earlier, in Brahms's Second Piano Concerto, there had been little sign of a spark at all. The soloist and conductor seemed to bring out the worst in each other. John Lill takes few risks, not so much technically (he has all the notes) as in expression, making this autumnal music fall like dead leaves to the ground; Masur responded by suppressing the orchestral part's impulse and fire. Not a golden autumn this, but damp, dank, grey. The Leipzig tradition may go back two-and-a-half centuries, but it seems to have lost Brahms somewhere along the way.

Richard Fairman

## The wheelchair as star vehicle

NOBODY LOVES the disabled more than a screenwriter. And it is not because people who write movies are so charitable and big-hearted. Rather, the simple truth is that crippled people are easy on the author. With someone of sound mind or body, it takes a lot of time and effort to uncover their inner demons and desires. However, slap some shades and a stick or a character, plop him in a wheelchair or a mental institution, and you get instant crisis. Four of the five last actors who won the Oscar played disabled men.

So it is worrying that the first scene of *Pussan Fish* takes place in an intensive care unit, where a soap opera star, May-Alice (Mary McDonnell), has just learned she has been

PASSION FISH (15)

John Sayles

SLIVER (18)

Phillip Noyce

THE VOYAGE (12)

Fernando Solanas

ERASERHEAD (18)

David Lynch

made paraplegic in a car accident. But within a few moments it is clear this is not your basic wheelchair weeper. For the most part, writer/director John Sayles refuses to indulge in the short cuts inherent in the genre, providing us with a drama that allows us to feel good without feeling bad about it.

The story is strong and simple - a bitter May-Alice returns to her ancestral home in Louisiana, attended only by a series of nurses whom she alienates with her self-pitying behaviour. She winds up with Chantelle (Alfre Woodard), a strong-willed young black woman fleeing a troubled past in Chicago. After the obligatory pyrotechnics, the two form a friendship that provides the backbone of the film.

It is an old tale, and Sayles the writer does not have much that is new to add to it. What he does provide is a lively and largely cliché-free script that gives his lead plenty of elbow room. Woodard is particularly fine, displaying the smouldering dignity for which she is rapidly becoming famous. McDonnell makes the trek from self-pitying "bitch on wheels" to noble heroine smoothly, helped by a strong sense of irony that allows her to make the most of lines like "I was the best voider in my rehab group".

Sayles's direction has never been better. It is only at the film's end, when May-Alice nobly turns down an offer to exploit her disability by appearing both legless and blind in her old soap, that Sayles succumbs to the sort of murky righteousness



Nasty piece of work: Sharon Stone and William Baldwin in *Sliver*

to which films about the disabled are so often liable.

If *Pussan Fish* is a lesson in how cinema can respectfully make viewers feel good, then *Sliver* has to serve as some sort of standard as to how to disrespectfully make them feel bad. Trying to pass itself off as an erotic thriller, it is instead nothing more than a boring and confused mile of celluloid, a rock video in which there is no song.

The story concerns a book editor (Sharon Stone) who moves to a high rise "sliver" in midtown Manhattan after the break-up of her marriage. She soon learns that her apartment was previously inhabited by a woman who looked like her and committed suicide for no apparent reason. Undaunted, Stone hops in bed with a creepy neighbour (William Baldwin) as well as bantering with creep number two (Tom Berenger). It is only when the woman next door is murdered that Stone twigs that her own life is in peril.

The movie's main liability is its awful script, written by Joe Eszterhas, who penned *Basic Instincts*, which at least possessed a certain tawdry momentum. No such luck here. Scenes are cobbled together without concern for pace or structure; the mystery is solved and then unsolved without regard for logic or the viewer's intelligence; the dialogue seems to have been translated from another language. The film's greatest mystery is that Eszterhas is the highest paid screenwriter.

Given the poverty of the script it is hard to assess the actors, though

Berenger has never been more unpleasant and Baldwin's attempts to summon the ghost of Tony Perkins are misjudged. Stone comes off worst. She is one of the few actresses around who can shine at the bottom of a flesh pile, though this has always depended on her steely toughness. Here, vulnerable, confused, her nether lip quiver, she is just another bimbo in a film which tries to make bimbos of us all.

Most teenagers think they are stuck at the end of the world, but Martin Nunez has good reason for thinking he is in Nowheresville: his home town is Mar del Plata. His girlfriend is pregnant, his school has run out of heating fuel and his stepfather is a bullying bore. So Martin decides to run away, setting out on his bicycle in search of his long lost father, a journey that takes him up the entire South American continent.

Argentinian writer/director Fernando Solanas has a reputation for political controversy - he was recently wounded by a masked gunman the day after criticising President Menem. With *The Voyages*, his polemics gets the better of him. What starts out as a pleasantly wacky view of teenage angst gradually turns into a rant against the victimisation of Latin America. Solanas's imagery is bold but hardly subtle - Buenos Aires is covered in two feet of sewage, Peru is menaced by vultures collecting trash daily. The climax comes when Martin arrives in Mexico, where Latin American leaders are hosting the US President at a reception in which they must all move about on their knees. By then, Martin's quest has long slipped from the viewer's mind, numbed by Solanas's relentless, often clumsy pamphleteering.

David Lynch's *Eraserhead*, has been re-released after 16 years. The only thing that has changed is the soundtrack, which has been cleaned up a bit, though it remains one of the most abrasive in memory. There is no reason to relate the plot; it still does not make any sense. What does make sense is the unsettling mastery of film imagery Lynch mustered at such an early point in his career.

*Eraserhead* makes fascinating viewing, showing how the director's resolutely art house talent was able to blossom into the big time without (until, perhaps, recently) losing his street cred. For those like me who saw it when it first came out it seems enduring familiarity. Henry's eraser haircut, his baby that just might be human, the tiny man-made roasted chickens, the visionary radiator, the tap dancer with her swollen glands - the imagery is as fresh as last night's dream. It established Lynch as one of those rare film-makers who is able to put our collective nightmares on the screen.

## Dance / Clement Crisp

### Stars of American Ballet

stage is a determined "Yes". The opening *Apollo* - Robert LaFosse, with Susan Jaffe, Melissa Ponzio, Sandra Brown - was respectable enough. I suppose, but LaFosse is altogether too winning in manner for my taste (the young god as head waiter) and the *Muses* breezed through their solos without looking very closely at them. This *Apollo*, and the succeeding *Some Assembly Required*, a serious, if neurotic, duet by Clark Tippet which ABT showed us a couple of years ago, were the only valid makers of the evening. What followed defied belief, defied the idea of ballet as a serious art, and I suppose, defied us to start throwing ripe fruit.

In *Come Unto Me* Bruce Padgett, got up like Michael Jackson as Captain Hook, bayed some rock music (of his own invention) while three chaps and a girl trudged through his dances amid dry ice and relentless noise. The men were, I think, trying to develop their pectorals. The girl, with the erotic frenzy characteristic of Olive Oyl, offered herself to the lads. Nonsense reigned. Johann Rannall's version of the *Romeo and Juliet* balcony pas de deux was cliché-time in Old Verona: everything you have ever seen about two lovers in this situation, and hoped never to sit through again. LaFosse's *Spring Break* was soaked in dew, as three girls and

four men were ecstatic, too youthful, and gorge-risingly cute. The score, by Martin Stock, could have been composed by Mendelssohn's aunt. So could the choreography. The costumes made the dancers look bulky. The dances made them look foolish. The last moments of this *Spring Break* were concerned with LaFosse's *A Salute to Fred Astaire and Ginger Rogers* in which five couples dashed inelegantly about while gems from Jerome Kern, Irving Berlin et al, were nailed to the floor in four-square and mushy piano arrangements. The title, is, of course, wrong. It is a salute to Fred Rogers and Ginger Astaire - looking at it, you know why you'd never heard of them before. And never wanted to again.

Stars of American Ballet are at The Denon Theatre, Northampton, until 4 September.

## Edinburgh Festival Queen's Hall Recital

THE MORNING recitals at the Queen's Hall are the bread and butter of Edinburgh's concert programme. On those occasions when (as Richard Fairman complained in these columns last weekend) the outlines of festival planning have been blurred by less-than-festival-standard executives, bread and butter can seem plain fare. But when a recitalist of the quality of the American soprano Dawn Upshaw enchants an Edinburgh morning audience with her smilingly candid platform demeanour and frank, forthright artistic personality, bread and butter becomes ambrosia.

In the style of her first entrance Miss Upshaw stuns her whole approach: no swank, no varnish, no prima-donna airs and graces. She assays a line in "hello and welcome" chat - and, later, encore introduction - which could become sticky were it not so warmly welcoming in intention.

But in any case, the conjunction of singer, song and voice changes the mood, and brings the exhilaration: this is an artist ready to explore darker as well as lighter modes of audience address, capable of deep seriousness no less than winning brightness. Her voice, a clean, clear, well-schooled instrument apparently without sharply individual characteristics, becomes just such a vehicle for "personal" expressiveness through the forward, risk-taking manner of her delivery.

She sings words and lives them. In *Emmy*, Copland's 12 Emily Dickinson songs served for a marvellous display of native idiom, tones of voice, all caught with the shining sincerity that brings this plain-spoken music alive. A group of Schumann, Wolf and Schubert Lieder achieved a similar bold simplicity of shape and focus. Gretchen at her spinning wheel, with the excellent pianist Margo Garrett in pinpoint support, rarely

seems so youthfully tragic. A long stretch of early Debussy songs afforded perhaps more intermittent delights: Miss Upshaw's French is more a lesson learnt, less a language freely spoken, than her German.

On the whole, though, this was two hours of cloudless happiness. The day before, in a Schubert-Janecek chamber concert that ideally embodied this year's central thematic pairing, the Gaudier Ensemble had offered something similar. Janecek's late wind sextet *Youth and Concerto*, nuggety, hard-edged, joyful, were set in a tawdry and thought-provoking perspective by the Schubert Octet. The Gaudier, a crack collection of virtuosos from various orchestras (including the Chamber Orchestra of Europe), avoids laying on the charm - which is mostly a great virtue but sometimes, in Schubert particularly, a slight fault.

In the Usher Hall the two Edinburgh concerts of the South West German Radio Symphony Orchestra under Michael Gielen, its venerable chief conductor, have proved more of a mixed bag. The orchestra, a sound, solid, no-nonsense ensemble of exactly the type suggested by their name, was not well suited to the first programme - music by Rakhmaninov, Schnittke and Suk requiring much stronger infusions of colour and drama.

But the second, Schoenberg's Piano Concerto (with Alfred Brendel in sovereign command) and the Mahler Seventh Symphony, found Gielen, a tough-minded, intellectually searching musician, on much surer ground. Mahler and Schoenberg: a future Edinburgh thematic coupling, anyone?

SWGRSO concerts sponsored by Royal Bank of Scotland and Dundee Fund

Max Loppert

## The mysterious Lenz

WHEN Jakob Lenz died in mysterious circumstances in Moscow in 1982, an obituarist noted that he would be "mourned by few and missed by none". Most of his old acquaintances had assumed he was long since dead.

It was a sad end for a man who had once been a youthful protégé of Goethe. He was born in 1751 and produced his best-known works, including a homage to Shakespearean drama, in his early twenties.

"Best-known" is a relative term, not until this year's Edinburgh Festival has a collection of his plays been published in English, though some readers will know Lenz indirectly because *The Soldiers* led to Büchner's *Woyzeck*.

If - and the Festival still has to prove it - Lenz has a lasting claim to fame as a dramatist, it is on the grounds that he was Brechtian before Brecht and politically Marxist before Marx. He writes about the exploitation of ordinary people and their readiness to be exploited. Social class and male domination play a heavy role in *The Soldiers* which opened at the Royal Lyceum Theatre on Tuesday.

This was the era of mercenaries and endless small wars. The officers picked up women wherever they could and, as often as not the women would fall for them. There is no reason to think that Lenz gives an inaccurate account of his times. The striking fact is the extent of his social criticism. Lenz appears to condemn the tradesman father of the girl who is seduced as much as the officer who does the deed. Gerard Murphy who plays the tradesman bears more than a passing resemblance to the Reverend Ian Paisley.

On the credit side, Lenz shows his debt to Shakespeare by ignoring the dramatic unities. *The Soldiers* lasts for only 90 minutes, yet it has 34 scenes, a few of them only a line or two long. Nothing is wasted, indeed a great deal is gained, by passing quickly and naturally from one scene to another. Parts remind one of the rapid scene changes in *The Tempest* and *Macbeth*.

Mysterious is a passion for melodrama. Had he survived to 105 Lenz could have had a career on the Victorian boards. We shall pass over the little girl lost and poisoning scenes.

Like David Mamet's *Oleanna*, *The Soldiers* has alternative endings. The original version has the commanding officer saying that so many troubles could be avoided if the king would provide the army with concubines who would follow the wars wherever they went. The rather grand Countess de la Roche agrees: "Oh, if only someone could be found to promote the idea at court it would benefit the whole nation."

Subsequently Lenz changed the ending on the grounds that it was unlikely that of the countess's rank would go along with such heresy. This production is by the Glasgow Citizens Company directed by Philip Prowse. I made a bet with myself which ending they would choose and was glad to be wrong. Prowse goes for the later, gentler version and Jane Berish as the Countess does it well.

Prowse also designed the sets, which look splendid at the beginning and end, but the play as a whole is made for a smaller stage and a smaller theatre.

Malcolm Rutherford

## INTERNATIONAL ARTS GUIDE

### BARCELONA

The new season at the Liceu begins on Sun with the first of four guest performances by the ballet ensemble of Geneva's Grand Théâtre, with a programme devoted to Chad Nahant's *Perpetuum*. The Monte Carlo Ballet gives a Ballets Russes programme from Sep 14 to 18, and the first opera production is Der fliegende Holländer, opening on Oct 2 (412 3532).

### FLORENCE

The autumn season at the Teatro Comunale begins next Tues with the first of three concert performances of Der fliegende Holländer conducted by Myung-Whun Chung, with a cast led by Bernd Weild, Deborah Voigt and Ben Heppner. Later this month the Orchestra of the Teatro Comunale gives concerts under Andrew Davis and Yuri Ahronovich (211158).

### LONDON

**THEATRE**  
● *Moonlight*: world premiere of a new Harold Pinter play, his first full-length work since *Betrayal* in 1978. David Leveaux directs a cast led by Ian Holm, Anna Massey, Edward de Souza and Douglas Hodge. Starts previewing tonight, Press night next Tues (Almeida 071-359 4404).  
● In the Summer House: British premiere of the Jane Bowles' drama about the bonds that exist between women. Derek Goldby directs a cast led by Rosemary Harris. Starts previewing tonight, Press night next Mon (Lyric Hammersmith 081-741 2311).  
● *Hysteria*: Terry Johnson's new play about Freud, set in London in 1939. Phyllida Lloyd directs. Opens last night (Royal Court 071-730 1745).  
● *Time of My Life*: Alan Ayckbourn's new bitter-sweet drama of middle-class family life in a northern city, with a cast led by Anton Rogers and Gwen Taylor (Vaudeville 071-836 9987).  
● Hair: Michael Bogdanov's revival of the quintessential 1980s musical, with a new generation of young performers. Now in previews, Press night Sep 14 (Old Vic 071-928 7816).  
● An Inspector Calls: West End transfer of acclaimed National Theatre production of J.B. Priestley's psychological thriller (Aldwych 071-836 6404).  
● BBC Proms: Tonight's early evening concert by BBC Welsh Symphony Orchestra, conducted by Grant Llewellyn, includes music by William Mathias, Beethoven, Mendelssohn and

Schumann. This is followed at 22.00 by a programme of Ligeti, Francesconi, Varese and Farnsworth, played by Asko Ensemble under Jonathan Nott. Tomorrow: Adam Fischer conducts Austro-Hungarian Haydn Orchestra in Viennese classics. Sat: Günter Wand conducts BBCSO in symphonies by Schumann and Brahms. Sun noon: Henze's Requiem. Sun evening: Frans Brüggen conducts Orchestra of the Age of Enlightenment in Beethoven's Ninth Symphony, with soloists Judith Howarth, Susan Bickley, Hans Peter Blochwitz and Andreas Schmidt. Next Mon: Simon Rattle conducts CBSO in Schoenberg, Mozart and Shostakovich, with piano soloist Maurizio Pollini. Tues: Rattle conducts Debussy, Sibelius, Goldschmidt and Nielsen, with violin soloist Ida Haendel. Wed: Mark Elder conducts BBCSO in Shostakovich, Beethoven and Janacek, with piano soloist Olli Mustonen. Sep 11: Last Night of the Proms (Royal Albert Hall 071-823 9998).  
**OPERA**  
Coliseum The new ENO season, the first organised by Dennis Marks and Stan Edwards, has Simon Boccanegra and Street Scene in repertory over the next two weeks. The first new production is La bohème, opening on Sep 15 (071-836 3161).  
Barbican Travelling Opera presents its lively English-language productions of Carmen, Il barbiere di Siviglia and La bohème daily except Mon from tomorrow till Sep 11 (071-638 8891).  
Queen Elizabeth Hall Opera Factory presents The Bacchae, a

new play with music by Xenakis, conducted by Nicholas Kok and directed by David Freeman. Daily except Wed till Sep 12 (071-928 8800).  
Covent Garden The Royal Opera's new season opens on Sep 11 with Madama Butterfly starring Diana Soviero and Neil Shicoff, followed on Sep 18 by L'italiana in Algeri with Marilyn Horne and Ruggero Raimondo. Both are conducted by Carlo Rizzi (071-240 1066).

### PRAGUE

**FESTIVAL OF MUSIC**  
In addition to the Prague Spring Festival, the Czech capital has a younger, more intimate autumn festival, built around the distinguished violinist Josef Suk. This year's festival (Sep 20-Oct 5) features a strong dose of Beethoven, Bach and Mozart, alongside familiar and less familiar Czech composers. In addition to the Suk Chamber Orchestra, artists at the festival include Yo Yo Ma, Maurice André, Cecile Licad, Rudolf Buchbinder, Viktoria Mullova, Shlomo Mintz, Renato Bruson and Sándor Végh. Among the more exotic programmes is a choral concert on Sep 25 pairing Schubert's Mass in G with a Stabat Mater by late 18th century Bohemian composer Johann Baptist Vanhal. Bookings from Festival of Music Prague, Cs armady 12, 160 00 Prague (fax 02-526583) or Bohemia Ticket International, Salvatorova 6, 110 00 Prague (fax 02-231 2271).  
**OTHER EVENTS**  
The National Theatre reopens on Mon with Smetana's The Secret,

followed by La forza del destino next Thurs and The Bartered Bride next Fri (02-205364). There are staged performances of Mozart operas at the Estates Theatre on Sep 7, 13, 15, 22 and 29 (02-228858). Prague State Opera's repertory includes Jenufa, Madama Butterfly, Les Contes d'Hoffmann, Tannhäuser, Entführung and La traviata (02-263853). The Czech Philharmonic Orchestra opens its winter season at the Dvornak Hall on Sep 16 and 17 with a programme of Hüss, Lutoslawski and Martinu conducted by Václav Neumann (02-286 0111). The Prague Symphony Orchestra's season at the Smetana Hall begins on Sep 21 and 22 with a Beethoven and Mahler programme conducted by Martin Turnovsky (02-232 2501).

### STRESA

Situated on the shore of Lake Maggiore in northern Italy, Stresa's annual music festival offers some high-quality artists but no programme themes. The highlight this year is tonight's concert by the Orchestra of La Scala, Milan, under Riccardo Muti. Other events to note are recitals by the Tokyo String Quartet (Sep 7) and Lazar Berman (Sep 11), and the closing concert on Sep 16, in which Viktoria Mullova will play Mozart's First Violin Concerto, accompanied by the Orchestre National de Lyon, conducted by Emmanuel Krivine (02-2310395).

### TURIN

Settembre Musica, which opened last night and runs till Sep 19,

features two concerts per day, one in the afternoon and one in the evening, plus a total of 18 free open-air piazzas. Visiting ensembles include the Bavarian Radio Symphony Orchestra under Lorin Maazel (Sat), the Czech Philharmonic with Gerd Albrecht (Sun), English Chamber Orchestra with Pinchas Zukerman (Mon) and Kronos Quartet (Sep 18). The festival also has a series of events devoted to the music of Alfred Schnittke (Sep 7-11), plus two concerts by Ensemble InterContemporain conducted by David Robertson and Pierre Boulez (011-576 5564).

### WARSAW

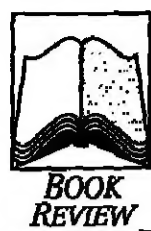
In spite of the presence of ensembles from Lithuania, Germany and the Netherlands, this year's Warsaw Autumn contemporary music festival (Sep 17-25) has a less international look than in the past two years, apparently because of economic problems. Nevertheless, the festival continues to provide an international platform for Poland's lively contemporary music scene. There will be birthday tributes to Penderecki (80th) and Lutoslawski (80th), plus a new work by Gorecki and the first Polish performance of Messiaen's *Eclairs sur l'au-delà* (Warsaw Autumn, Rynek Starego Miasta 27, 00272 Warsaw, tel 022-311634/fax 022-310607. From Sep 15 to 26, the festival office will be at Hotel Europejski, Krakowska Przemyslowa 13, tel 022-265051 fax 022-261111).

### ARTS GUIDE

Monday: Berlin, New York and Paris.  
Tuesday: Austria, Belgium, Netherlands, Switzerland, Chicago, Washington.  
Wednesday: France, Germany, Scandinavia.  
Thursday: Italy, Spain, Athens, London, Prague.  
Friday: Exhibitions Guide.  
**European Cable and Satellite Business TV**  
(All times are Central European Time)  
**MONDAY TO THURSDAY**  
Super Channel: European Business Today 0730; 2230  
Monday Super Channel: West of Moscow 1230.  
Super Channel: Financial Times Reports 0630  
**Wednesday Super Channel:** Financial Times Reports 2130  
**Thursday Sky News:** Financial Times Reports 2030; 0130  
**Friday Super Channel:** European Business Today 0730; 2230  
Sky News: Financial Times Reports 0530  
**Saturday Super Channel:** Financial Times Reports 0930  
Sky News: West of Moscow 1130; 2230  
**Sunday Super Channel:** West of Moscow 1830  
Super Channel: Financial Times Reports 1900  
Sky News: West of Moscow 0230; 0530  
Sky News: Financial Times Reports 1330; 2030



# Absolutely certain of its own correctness



One hundred and fifty years ago today James Wilson produced the first edition of *The Economist*. Wilson was a quintessential early Victorian: an indomitable, self-made, self-educated Scot with an energy, didacticism and dedication to business that verged on monomania (his dying words were: "Take care of my income tax."). He was a passionate advocate of laissez-faire and founded his paper with the express purpose of preaching the gospel of free trade and, in particular, the need to abolish the Corn Laws.

Ruth Dudley Edwards, in an absorbing and exceptionally well-written official anniversary history of the paper, suggests many of Wilson's characteristics were taken on by *The Economist* and have made it "respected, successful, but often disliked". She says of Wilson: "He was clever, well-informed and he radiated absolute belief in the correctness of his views."

Other qualities he bequeathed to his paper included a strong belief in civil liberties; the courage to stand by well-argued but unpopular opinions; but also a propensity occasionally to follow deductive logic from abstract first principles to the bitter end, regardless of the complex social realities on which the deductions have to bear.

Edwards has juxtaposed throughout her book early and later treatments of similar themes. There has been an admirably consistent opposition to capital punishment. Indeed there has been a willingness to take up unpopular positions - on the Irish famine, against the suffragettes, against the Boer war and the first world war until 1916, and against the Suez intervention. She notes that two weeks after founding the paper, Wilson, who opposed slavery, argued against restricting imports from countries which employed slave labour, on similar grounds to those deployed by the paper in the mid-1980s when it opposed sanctions against South Africa. On the other hand, Wilson argued pas-

## THE PURSUIT OF REASON: THE ECONOMIST 1843-1993

By Ruth Dudley Edwards  
Hamish Hamilton £30, 1,020 pages

sionately against the Factory Acts - with impeccable logic and fundamental foolishness. A subsequent and more famous editor, Wilson's son-in-law, Walter Bagehot, argued it would be better - for the slaves and for everybody else - if the south won the American civil war.

Echoes of this tendency can still be found in the modern *Economist*: in much of the writing of Norman Macrae, including an article in 1986 against equal pay. It resonates in the uncompromising stance taken under the editorship of Rupert Pennant-Rea ("a Robespierre among economists") towards the maintenance of sterling's ERM exchange rate right up to the debacle.

During the 19th century *The Economist* was a small circulation paper (about 3,000 a week) written by businessmen for businessmen. Bagehot, its most famous editor, expanded its influence, teaching the Bank of England how to be a central bank, advising both Liberal and Conservative chancellors and explaining the constitution to the middle-classes.

The paper began to change in the 20th century under editors such as Francis Hirst (1907-18) and Walter Layton (1922-38), who were more interested in politics and ideas than business. From Geoffrey Crowther (1938-56), those recruited to write for the paper were increasingly taken on for their brains and writing ability, and tended to have no experience other than journalistic.

Throughout, *The Economist* has enjoyed outstanding editorial independence. From Wilson's death in 1890 to 1928, the paper was owned by his widow and six daughters, who were usually supportive of its editors. Then in 1928, Walter Layton turned the paper into a limited company and secured perhaps the most water-tight guarantee of editorial independence in journalism. The magazine is now 50 per cent owned

by the FT. Apart from Geoffrey Crowther, who as editor once or twice gave in to pressure from trustees and later, as managing director, tried (unsuccessfully) to pressurise his editors, everyone appears to have behaved well.

This is Layton's main claim to gratitude from writers and readers. He was an otherwise unsatisfactory editor: an insider concerned not to rock the boat. This meant much failure of nerve. He was renowned for adding late on Thursday nights at the end of copy he found too strong: "Time alone will show". Since Layton there has been none of that.

Geoffrey Crowther, who gets alpha for brains and gamma for character from Edwards, expanded the employment of women, though for the somewhat politically incorrect reason that "I can get a first-class woman for the price of a second-class man". Since the war there have been lots of clever, strong-minded women in senior positions but, despite big changes in circulation (now more than 500,000, 80 per cent of it abroad), few women readers. It is to the credit of the *Economist* and Edwards that she shows few inhibitions when it comes to the successes, failures, and internecine warfare of people still active on the magazine. The fight over policy towards the Vietnam war, the struggles between editorial and non-editorial departments and the debate of the Latin American edition are well chronicled.

The treatment of the paper's developing views on big issues for the post-war period, however, is skimpy: only 12 pages on post-war inflation and the paper's views; only scraps on industrial development and policies; and no systematic treatment of the paper's views of Britain and the Common Market - of how, like the rest of us, it has struggled to develop a satisfactory political attitude to the EC, while inveighing against the detestable common agricultural policy.

**Sir Kit McMahon**

The reviewer is former chairman of Midland Bank and former deputy governor of the Bank of England

## Obituary - Fredy Fisher

# FT editor with a European vision



Max Henry 'Fredy' Fisher: founder of the FT's 'foreign empire'

sent to a camp in Australia - an experience which, he liked to recall, at least gave him time to learn to play a good game of bridge. In 1942 official policy changed, and Fredy and others in his position were released. He returned, volunteered for the army, and thus began his life as an acknowledged Englishman.

His army career started with the Pioneer Corps, took him to Normandy as a trooper in the 8th Kings Irish Hussars, and ended with him as interpreter-Sergeant with the investigations branch of the Military Police. He then returned to civilian life and started his first chosen career as an academic. He won first-class honours in modern history in a short degree course at Lincoln College, Oxford, and after a few months of postgraduate work he was appointed by the Foreign Office as one of the team of three editors of documents on German foreign policy from Versailles to 1945, a task which was to last seven years.

In May 1956 he went to Melbourne University as a visiting lecturer in diplomatic history. But he became disillusioned with the academic life and, in March 1957, at the relatively mature age of 34, he joined Gordon Newton's team of first-class brains at the Financial Times.

It was Newton's policy to staff his rapidly growing paper with writers of high academic attainment, regardless of background, and give them their heads. Fisher joined a team which was, to say the least, lively. It included Nigel Lawson, Shirley Williams and Jack Bruce-Gardyne - who all became UK government ministers in later years; William Rees-Mogg, Robert Heller, Michael Shanks and Samuel Brittan.

The birth of what subsequently became known as Fredy's foreign empire was in characteristic style. Newton simply remarked one day: "You speak foreign languages - you'd better join the foreign side" (which at that time filled one half page, with a staff of

two at Bracken House and three foreign correspondents). He worked with characteristic intensity as a reporter, securing an important scoop when he gave the first news of Britain's initiative in launching the European Free Trade area, and covering the subsequent negotiations and those concerned with Britain's first attempt to join the European Community as far as he could single-handed, commuting to Brussels.

He subsequently became foreign editor, launching the expansion of FT foreign coverage; assistant editor on the home side - a period which saw a significant expansion of industrial coverage and the launch of the Management Page, and, in 1971, deputy editor.

When he became editor in 1973, he was driven both by inclination and temperament to change the style in which the newspaper was run. The carefree recruiting of untrained graduates had fallen foul of the industry's unions, and more of the intellectual

direction had to come from the top; he also wished to develop the consistency and trust to make the paper an influential journal of opinion.

The editorials became more incisive, and were more widely noticed - not always favourably. For example, a sustained attack on official monetary tactics in 1976 led, for the first time in the paper's history, to a distinct chilliness between the FT at Bracken House and the Bank of England at Threadneedle Street. However, the paper continued largely to avoid party-political attitudes, as it still does.

There was an internal policy to pay for this change of style. Some members of the staff found the new approach difficult to accept.

Such problems caused Fredy episodes of distress in a term of office which he otherwise hugely enjoyed; he was temperamentally ill-fitted to handle them. His turbulent childhood had left him, in some senses, acutely lacking in self-confidence, despite his sometimes authoritarian exterior. He would turn to one or two intimates repeatedly for advice. With others, he sometimes seemed a bad listener, though staff members in any real trouble would find a warm, tireless sympathiser and supporter.

In 1980 he left, after the launch of the Frankfurt edition, that he had completed his planned contribution to the development of the Financial Times, and decided at the age of 56 to launch on a third career as a director of S G Warburg, the merchant bank - which proved in some ways the happiest epoch of his working life.

He was able to deploy his talent for analysis and negotiation, and his streak of real charm, in the cause of clients, a role which suited him so well that he cheerfully worked far too hard. With typical sensitivity, he refrained from any interference or even comment on the policies of his successors at the FT, but he continued as a warm friend to many who would have valued his advice.

One constant theme illuminated the last 30 years of this often stressful life - his total devotion, once memorably confessed on the air, to his Australian wife, Rosemary, and his family of two sons and a daughter. He had a lifelong passion for music and the arts. From the point of view of his friends, this left all too little time for the good bridge and chess, and confessedly bad golf, which he so enjoyed.

## LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

## Nothing parasitic about satellite TV

From Mr David Elstein.

Sir, It was pleasantly surprising to find Christopher Dunkley - in a newspaper which studiously ignores satellite TV listings - devoting his entire column last week to the Sky multi-channel launch (August 25). I wish, though, his tone had been less dismissive of a service which satellite viewers consistently find more attractive than ITV or the BBC.

Is satellite television essentially "parasitic" as Mr Dunkley asserts? Before satellite, was there a dedicated children's channel, or a movie channel, or a sports channel, or 24-hour news? Is the 11,000 hours of original programming supplied by Sky each year of no consequence? And even

with re-run channels (UK Gold, Bravo, Discovery, etc), if there is strong audience demand for such material, why deride it? Last weekend, these three channels out-performed Channel 4 in satellite homes. Arts programming is perhaps the prime example of the potential benefit of satellite re-run: huge volumes of eminently repeatable programmes currently gather dust on the shelves of terrestrial channels. Only the viewer suffers from the artificial restrictions of terrestrial spectrum scarcity.

As for paying Sky for what viewers previously watched without charge, that only applies to the minority of satellite homes that, until now, took none of the premium

channels; and, even for these homes, there are seven brand new channels to add to their available choice. For the 70 per cent of satellite homes which already take movies and sport, all the new channels are a free bonus. By creating a basic pay tier for the first time, Sky allows into the market-place an array of niche channels competitive with its own services which could not survive solely on advertising income.

This deliberate stimulation of new satellite channels is not entirely selfless: Sky's premium channels stand to benefit from the increasing attractiveness of the satellite proposition, given that a high percentage of new installers can be expected to subscribe to

movies and sport. Already, the surge in dish sales since the multi-channel package was announced is evidence that consumers find the package inviting and the cost affordable.

It is clear that the audience values choice, and chooses value. If, as Mr Dunkley concludes, it is "the programmes we watch", perhaps he should not reflect on why those with satellite seem willing to spend so much of their time watching the "parasite" channels rather than the terrestrials.

David Elstein,  
Head of programming,  
British Sky Broadcasting,  
6 Centaurus Business Park,  
Grant Way,  
Isleworth, Middlesex TW7 5QD

## Lift taxing burden from companies

From Mr Derek A Coggrave.

Sir, I was interested to read the letter from Mr Malcolm Baughn. "Companies still weighed down by burden of tax regulations" (August 24). Mr Baughn pointed out that the Manchester Business School has estimated that an average business spent 20 per cent of its pre-tax profits dealing with company and tax regulations.

The question is, will the Treasury react in a positive way to the crusade against red tape which the Department of Trade and Industry, under the guidance of Mr Michael Heseltine, is conducting? From details of the recent Finance Act mentioned by Mr Baughn this seems a remote possibility. The problem is that the Treasury does not pay for the consequences of its actions; business does. The way to overcome this problem is to give businesses tax rebates on the cost of collecting taxes, based on the results of surveys such as those mentioned above.

It is unlikely that the response of the Treasury will be positive until it has to pay for the consequences of its own excesses in the production of red tape.  
Derek A Coggrave,  
23 Wentworth Park,  
Finchley,  
London N3 1YE

## Put choice back into study of sciences

From Dr J D Plackett.

Sir, I would like to comment from a teacher's point of view on the current debate over the fall in the number of students opting for science at A-level ("Discipline in need of a better chemistry", August 28).

During most of the 1980s, secondary teachers had the freedom to choose whether to offer students separate sciences, ie biology, chemistry and physics, or combined/balanced science courses, which contained aspects of all three. Pressure groups within the teaching profession pushed for the adoption of the balanced science courses in place of separate subjects. The introduction of the national curriculum allowed the imposition of these courses in many schools

against the wishes of the science teachers who previously taught separate sciences. This was one of the reasons why I left teaching in secondary schools after 15 years.

If society is concerned about the number and quality of science students, it might do worse than consider the teachers and what they teach. What many are committed to balanced science courses, others - who studied a particular science because they enjoyed it - would like to continue to teach the individual subject. For some, having to teach, say, physics or biology when they are chemistry enthusiasts is as disheartening as expecting a history graduate to teach French or geography.

If science teachers were

again allowed the freedom to choose the approach they prefer, their enthusiasm for the subject would probably increase, and this would hopefully encourage more students to choose scientific courses.

J D Plackett,  
71 Walton Lane,  
Nelson, Lancs BB9 8BG

From Mr Anthony Clayton.  
Sir, The Institute of Directors calls for a national campaign to encourage more students to take up science studies ("IoD in science campaign call", August 21).

Perhaps the institute would tell us what proportion of its members are scientists.  
Anthony Clayton,  
26 Penfryn Crescent,  
Newquay, Cornwall TR7 1PT

## In the know?

From Mr Stephen L Phillips.

Sir, You mention ("BAe close to clinching £250m Taiwanese deal", August 26) the cautious approach of Taiwanese banks to aircraft leasing due to "their unfamiliarity with western leasing techniques". In the same issue you reported on the GE rescue agreement for GPA's aircraft-leasing company. Could it be that Taiwanese caution is in fact due to their "familiarity" with western leasing techniques?  
Stephen L Phillips,  
chairman, Flygcare,  
Wrexham, Chwyd LL13 8UG

## Channel rail link contract

From the Earl of Caithness.

Sir, I am writing to set the record straight over the article "German bid invited for Channel rail link contract" (August 11).

The Department of Transport has not invited Hochtief, or indeed anyone else, to form a consortium or to bid for such a contract. We sent a copy of our consultation paper to Hochtief and a great many other organisations, mainly in the UK but also a few abroad, in view of the scale of the project; but that is all. Ministers are now consider-

ing the results of the consultation exercise. Initial independent advice came from Samuel Montagu, and Hill Samuel will provide further advice before any decisions are taken.

We shall announce in due course our consultations; only after that will there be any question of inviting bids for the project.  
Caithness,  
minister for aviation and shipping,  
Department of Transport,  
2 Marsham Street,  
London SW1P 3EB



## "On September 18 you can join us at the first tee."

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Meant Hughes, the Club's owner with Joe Paulin, designer of the Heritage Course and the Club's Honorary Captain

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## FINANCIAL TIMES

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Thursday September 2 1993

## A message in the Sky

MR RUPERT MURDOCH was in a cocky form yesterday, launching Sky TV's latest assault on the UK market, and not without reason. Sky's 14-channel satellite pay-TV service may represent a turning point in British broadcasting.

Within four years, Mr Murdoch has moved from no stake in British television, to running a company delivering 10 more channels than his earth-bound competitors put together. According to a report by consultants Booz Allen and Hamilton for the terrestrial TV companies, commissioned as part of ITV's submission to the government's green paper on the BBC, BSkyB (Sky's parent company) may well have revenues greater than the entire ITV system by 1996. By 2000, it is forecast to be solidly ahead.

Having approached financial disaster three years ago, Mr Murdoch can again lay claim to visionary status. His conviction is that five industries - telecommunications, computers, entertainment, publishing and consumer electronics - are converging and that News Corp can establish itself as one of a handful of master salesmen along this global highway.

This may all seem a great distance from the issues preoccupying British broadcasting policy-makers, but it is surely worth them reflecting upon Mr Murdoch's meteoric ascent.

Perhaps their first thought should be that this has occurred in spite of, not because of, government policy. It was policy to license a single, private-sector monopoly, British Satellite Broad-

casting. Mr Murdoch, technologically opportunistic, challenged that monopoly from a base outside the UK regulatory framework, fought BSkyB to a bloody standstill and merged the two companies.

BSkyB's regulatory status remains hazy, with the company exempt from many of the constraints which affect terrestrial competitors. These include programme schedules (see this week's renewed argument over the future of ITV's News at Ten) and rules on national origin of programmes, which allow Sky more freedom to use cheap American material.

To this, there are two possible policy responses: to deregulate all commercial broadcasters or to bring BSkyB within the terrestrial regulatory regime. Naturally, the terrestrial broadcasters prefer the latter, for their safer option.

As they consider this, policy-makers should, however, note another point about Sky's new service, namely the extent to which it is an alliance of many broadcasting companies, including even the BBC, which is a major shareholder in one of the new Sky channels, much to ITV's annoyance. At the same time, few have noticed that Mr Murdoch's recent purchase of Star TV in Hong Kong makes him the Asian distributor of BBC World Service TV.

In broadcasting, the corporate and geographical boundaries are well and truly down. It must be asked whether a regulatory model based upon assumptions of limited air space and state regulation of programmes might not have had its day.

## Reforming Japan

THE DEREGULATION package proposed yesterday by the new government in Tokyo is the clearest sign yet that the reformist ambitions of Mr Morihiro Hosokawa, prime minister, stretch beyond the political system into the character of Japan's economy. Even though Japan has fiercely competitive markets in such areas as cars and electronics, many large domestic areas such as retailing and distribution are encumbered by regulations. These accumulated during the Liberal Democratic Party's 35-year reign, which ended in July, as it offered small businesses, retailers and farmers protection from competition in return for their votes. The myriad hurdles put in the way of a new shop opening, for instance, make it difficult for new entrants to set up in business, whether they are foreign or Japanese. As a result, competition is constrained and prices stay higher than they need be.

The international ramifications go further. Japan's trade surplus is a reflection of its high savings rate. A sustained shift towards consumption to reduce savings, and so the trade surplus, will require a relaxation of planning laws to make it easier for retailers to build shops and consumers to buy houses, for which they will buy goods. Japanese consumption is severely constrained by limits on housing development imposed by regulations to protect farmers. Speculators will caution that the Hosokawa coalition will face fierce opposition from the bureaucracy

and business lobbies which could break it apart. Indeed, there are already signs of serious dissonance over whether the government's mandate extends to thoroughgoing economic reform or is confined to anachronistic changes in the political system. Japan stands to benefit most if Mr Hosokawa is bold: his tentative step towards deregulation is a hint of how much a reformist government could achieve, with several years in power, backed by powerful constituencies in favour of liberalisation, not least urban consumers.

The Bank of Japan and Ministry of Finance support deregulation as a means of heading off US pressure for further stimulus to boost the still sluggish economy and cut the trade surplus. The truth is, there is still room and need for a further cut in interest rates and a tax-cutting package this autumn.

But the promise of deregulation also suggests a change of approach is needed on the part of Japan's partners, in particular the Clinton administration. It has sought to justify its call for managed trade agreements with Tokyo on the grounds that efforts to open up markets are rebuffed by bureaucratic resistance and political inertia. The US is now dealing with a government which is prepared to deregulate in the name of competition and the consumer. The Hosokawa government represents a chance for Japan to break with the past, and should be embraced by the Clinton administration as such.

## Private prisons

A STRATEGY for future private-sector involvement in the UK prison service will be launched today by Mr Michael Howard, the Home Secretary. The opposition, prison officers and penal reformers have issued no warnings against any further privatisation of prisons. Mr Howard would not, however, be defensive about the merits of more competition in the prison system.

So far the management of only three prisons has been put out to tender. Private sector companies now run two of them: the Wolds on Humberside and Blakenhurst in Hereford and Worcester. But the benefits of competition can be seen best at Strangeways prison in Manchester, where the contract was awarded to the in-house team. Staff agreed to drop restrictive practices to submit a bid 20 per cent below the average cost of directly-managed prisons. The tendering process will need to continue if such savings are to be extended throughout the prison service.

The beneficial effects of privatisation are not limited to greater flexibility in the management of prisons. Privately-run jails can also bring innovation in the prison regime, as Judge Stephen Tumm, the chief inspector of prisons, stated in last week's report on the Wolds prison. He was fulsome in his praise for the facilities, the staff and the treatment of inmates.

Before further prisons are privatised, however, attention needs to be given to the Judge's criticisms

of the Wolds. While inmates were allowed out of their cells for much of the day, too little was done to encourage them to use the time usefully. The result was "a degree of lethargy which can be corrupting", an unfortunate finding at a time when the home secretary is reported to be concerned that prison life is not austere enough.

There are special circumstances at the Wolds, which is the only prison devoted wholly to prisoners on remand. Since they have not been convicted, they cannot be compelled to work. But as Judge Tumm pointed out, the regime could provide inmates with incentives to make more productive use of their time, through work, education and training. Yet Group 4, the company running the Wolds, is not required to offer such opportunities by the contract under which the prison is managed.

The judge found other deficiencies in the contract. There was a lack of clarity over the responsibility for the care and discipline of prisoners. Responsibility was unclear for many items of expenditure, including utility charges, damage through vandalism and maintenance. There was an absence of systems for checking financial aspects of the contract.

The judge concluded that weaknesses in the contract made it impossible to determine the value for money of privatising the Wolds. The contractual arrangements must therefore be urgently reviewed before further prisons are privatised.

The relation between economics and ethics is very much in the air. I had already suggested it for the theme of the economic section at the annual conference of the British Association for the Advancement of Science, which has been taking place this week in Keele, Staffordshire, when an authoritative survey article appeared in the most accessible of all academic journals, the *Journal of Economic Literature*, entitled *Taking Ethics Seriously: Economics and Contemporary Moral Philosophy*.

The UK journal, *The Political Quarterly*, is presenting a special issue this September entitled *Ethics and Markets*; and there are many more such offerings in the pipeline. There is, in addition, the profitable sub-discipline, known as *Business Ethics*, linking the fringes of the corporate and the academic world.

These developments have many origins. The self-proclaimed role of the financier, George Soros, in topping Britain from the exchange rate mechanism in 1992 made people ask whether such speculation is an immoral undermining of government policies or a praiseworthy acceleration of the overdue destruction of unrealistic parties and currency systems. Headline business scandals suggest the need to make more explicit the constraints within which profit-making should be pursued; and events in the former Soviet Union have underlined the difference between Mafia capitalism and the more respectable variety.

Much of the debate in the last two centuries has consisted of attacks on the morality of markets by self-proclaimed prophets, such as Carlyle or Ruskin, and less than completely convincing replies. My own presidential address to Section

'Social tasks of business'

A couple of developments in business thinking, logically separable but often linked together, need probing. The first is the idea of the "social responsibility of business". An organisation entitled *Business in the Community*, which has the Prince of Wales as president and with which several business leaders are associated, has said in one of its documents that it means "companies using some of their people, their expertise, their surplus product, premises and equipment, and sometimes cash to help tackle problems like urban deprivation, school-business links, job creation and environmental improvements".

The second is the fashionable cult of the businessman as the person to run and advise on everything. Both the Thatcher and the Major governments have attempted to recruit corporate leaders to run industrial training, manage schools, reorganise Whitehall, run the health service, and heaven knows what else. What the two developments have in common is that they are attempts to achieve public policy objectives on the cheap and on the side and are thus unlikely to be too successful.

The cult of the businessman is less objectionable when executives spend a spell working full time in the public policy area. But it is difficult for a good manager just to take a couple of years off to work for a public authority and then return to his old career, and retired directors are a variable asset.

The big objection is to corporate executives being expected to undertake a large burden of public duties in their own or their companies' time. I often wonder how the favoured executives can manage their own organisations if they are also supposed to sit on hospital boards, run numerous other quangos and have a chance of normal family life and leisure.

People function best if they have specific responsibilities. If a businessman is partly responsible for government policy, and an official regards himself as responsible for the profitability of companies, then everyone is responsible for everything, and no one is responsible for anything in particular.

The advocates of "socially responsible" business make very large claims; and their slogan writers regard any questioning of their rationale as an attack on objectives such as urban renewal, support of the arts or employee welfare facilities. If one is not careful they will insinuate that one is to the right of Genghis Khan, not to speak of "moonstrut".

There is a systematic ambiguity. Do the proponents claim that the extra activities will indeed help a business's long-term profitability? Or do they assert that a business should follow different objectives? Too often they try to have it both ways.

"Corporate responsibility" lacks the legitimacy of either the market or the political process. It is not for managers to set them-

## How economics is linked to ethics

The following is a digest of Monday's presidential address by Samuel Brittan at the British Association

F (Economics) tried to ask a different question: how do the moral beliefs of economic actors, such as businessmen, workers or consumers, affect their behaviour and thus economic performance? A belief in a "fair wage" or a "fair profit" can affect the response to government economic programmes, just as much as more tangible forces, such as minimum pay laws and social security systems. In the ex-Communist countries, questions such as the range of permissible actions against competitors, or conventions governing the treatment of property, have proved much more relevant than the supposedly hard-

edged mathematical relationships which preoccupy many top-grade western economists. Debate is beginning on these issues; but much of it has been bogged down in a dispute on whether "man" is a predominantly altruistic or self-interested animal, a topic on which biology should have the last word. Less has been written on the specific effects of particular beliefs; and I had to proceed very much by example.

The debate has also been held back by the now-fading superstition, taught in many textbooks, that economic practitioners can only talk about means, and that

attitudes towards, say, economic growth, welfare, income equalisation are like tastes for strawberry or vanilla ice cream about which no argument is possible. There are two general points to make: ● The influence of so-called moral beliefs is not always for the good. Cynics and hard-headed realists may do less harm than a Grand Inquisitor prepared to torture and sacrifice human life for his own idea of the greatest good. ● People do not have to be especially selfish to play the market game. Even altruists can justifiably buy in the cheapest market and sell in the dearest if this helps to reveal information about tastes, needs and know-how and to co-ordinate dispersed human efforts. Indeed an altruist may put more effort into profit-making than citizens with normal mixed motives, because he wants the largest possible earnings to devote to philanthropic activities.

But, irrespective of motive, the market game has to be played within rules and constraints which need explicit discussion and analysis. The following are examples where great confusion exists.

## Market's role still baffles

The market is only part of a well-functioning economic system; and many surrounding policies, practices and habits of mind are required to obtain good value from the market system. Yet a functioning market core is still indispensable.

Matthew Parris, in one of his excellent tongue-in-cheek columns in *The Times*, has reminded us that most people do not accept the market system. Parris writes of an aunt of his who believes that there is such a thing as a fair price or wage that can be determined by contemplation rather than the state of the market. "To my aunt - who votes Conservative, takes the *Daily Telegraph* and regards socialism as the work of the devil - a fair price is what will secure a reasonable profit after paying employees a decent wage." It is not that most people are egalitarians. Many people can understand the incentive role of pay and profits. They also accept - if anything, too readily - the hierarchies and financial differentials of modern life. But the elementary demonstration of the role of relative prices in allocating resources and reducing queues has little meaning, even for the educated public. As Parris says: "Our morality does not mesh with our economic system; but because we need both they cohabit in an awkward marriage based on silence."

The area where popular morality clashes most with market requirements is in the labour market. Examples include minimum pay levels enforced by legislation or collective agreements - or other kinds of costs imposed on employers by measures of a "European social charter" kind. Such policies are supported by the popular belief that it is wrong to encourage anything that smacks of underpayment by workers bidding for a job, or by employers trying to obtain workers on the cheap.

How reasonable is this anti-undercutting mentality? The one near-certainty to hold on to is that, if the loosening of minimum pay laws or their equivalents increases total employment, then the income of the whole community is higher. There are unfortunately likely to be low-income losers. Even if newly taken-on workers are no worse off, their entry is likely to shake out the wages structure and worsen the pay of the less well-paid already in work.

Thus a reasonable condition for eliminating minimum wages is that those priced into work should not receive less than they now receive on social security. This can be done with the aid of a top-up like the present UK family benefit, provided it can be extended to families without children and to single people, and the conditions for drawing it made less restrictive.

The more difficult people to compensate are those now in work earning above, but not too much above, the social security minimum. Some softening of the blow would be desirable. A basic or minimum income with a high cut-off rate, or implicit marginal tax rate, is



the most likely bet. This could be achieved by adjusting existing social security payments and need not involve a vast new scheme. The more selective social security becomes, the more generous governments can be with top-up payments.

There is a still more difficult hornet's nest, which I can only stir and not really tackle. This is the high unemployment in OECD countries and particularly in Europe that prevails over the average of business cycles and even in boom periods. For it is now possible that quite a big fall in average real pay would be required to price into work enough people to satisfy even a modest definition of full employment.

It is possible that more than 100 per cent of the national income increase would accrue to owners of capital and land. Some extra tax on capital or income from capital could surely be justified to cushion the shock, although not so much as to kill the labour-using investment required.

I make the suggestion, not as a cure-all but to indicate the impasse which we have reached as a result of the collision between popular attitudes towards high rewards, and the requirements of high employment.

What is needed is more critical scrutiny of widely accepted moral beliefs and the moral implications of widely advocated economic policies. The idea of technocratic value-free economics has had its day.

\* June 1993 issue, *American Economic Association*, 2014 Broadway, Suite 205, Nashville, TN 37203.

The full text of Samuel Brittan's lecture can be obtained from the British Association or the Financial Times

## Reconstructed thoughts

More proof, if such were needed, that French monetary policy is still in disarray after August's European currency upset.

Bank of France governor Jacques de Larosière has abruptly withdrawn his contribution to a book, *The European Currency Crisis: One Year On*, to be published later this month. His action contrasts with that of other distinguished contributors such as Erik Hoffmeyer, the Danish central bank boss, who cheerfully amended their offerings to take account of last month's upheavals.

That de Larosière might be in a fix is understandable. His piece was to be entitled "The experience of defending the franc" and would presumably have needed to be rewritten to reflect the recent disfigurement of the currency.

No doubt he has his hands full moving from his gilded Parisian office to the president's desk at the equally opulent, if more modern, headquarters of the EBRD.

But Paul Tempterton, the book's editor at Probus Europe, is a bit miffed that no French official has been prepared to step into the breach. Despite repeated badgering, there has also been silence as to whether de Larosière or another official will join the book's authors and speak at the London launch later this month. "We've tried

everything," cries Tempterton, who would still be prepared to make space for a French contribution in any second edition.

## Wicks' next trick?

Meanwhile, though Jean-Claude Trichet's move from the French treasury to the governorship of the Bank of France has yet to be confirmed, it has not hindered the whisperings concerning Trichet's replacement as chairman of the EC's secretive but influential monetary committee.

This assembly of top officials from EC finance ministries and central banks is habitually headed by a treasury hand, rather than a central banker, from one of the larger EC economies. So the face of Sir Nigel Wicks, the second permanent secretary at the UK Treasury responsible for international affairs, who has been tipped by a number of European monetary officials as a likely candidate, would certainly fit.

Normally a two-year stint, the chairmanship has rarely been in British hands, though Sir Nigel's predecessor, Sir Geoffrey Little, held the position in 1987 and 1988. The Treasury is saying nothing, but Wicks is well-qualified. Long famous in Whitehall for an over-full agenda, he has been shedding some of his many duties in recent months and so presumably could find time.

He might, of course, run into some opposition from

## OBSERVER



"Tell them we switch the talks to Norway if they don't get on with it"

Euro-enthusiasts. Wicks was one of Mrs (now Lady) Thatcher's favourite civil servants and, in his rapid ascent to the top of UK monetary diplomacy, was a robust advocate of British interests.

But he earned high marks from EC colleagues for his part in negotiating the Maastricht treaty. "He was much better than Norman Lamont," said a senior continental central banker yesterday.

## On your marks

The poor Trabant. Affectionately or otherwise known as the Trabby,

it was quickly trawled in by east Germans as soon as they could exchange their old marks with the new hard D-Mark.

Nobody wanted to be seen spluttering along Unter den Linden with the two-stroke engine. A fast Porsche would do nicely instead.

Now it turns out that the Trabby is the most stolen car in Germany. It is true that the locking and security devices in the plastic-carriage Trabby are not what you would call fail-safe. But why should anyone try to steal a Trabby and think they could get away with it by speeding up the autobahn?

Cynics have the answer. The Trabby is not an environmentally friendly car. Hence the insurance is set specially high in order to encourage owners to upgrade style and engine.

What better way of getting rid of it than by arranging for it to disappear?

If not recovered, the owner can claim some DM1,771. Not bad, when you can pick one up second-hand for about DM400 in Berlin.

## Hush hush

Guido Rossi, the former stock market watchdog and left-wing politician parachuted in by anxious creditor banks to chair Italy's troubled Ferruzzi group, has been showing his teeth. His patience sorely tested during a mammoth seven-hour annual

meeting this week, Rossi finally lashed out at one of the small "shareholders", whose interminable interventions have become a feature of many such Italian meetings.

For years, observers have scratched their heads as to why a number of important companies managed to escape entirely the attention of the locking and questioners. Could Rossi have evened the odds?

Even the most long-suffering chairmen have been known to wilt when the infamous Marco Bava raises his hand to request the floor. The new broom at Ferruzzi, however, proved more than a match for him.

Traditionally silent at the meetings of Italy's second biggest private company, Bava had this time engaged the audience for a full two hours.

But no sooner had he sat down than Rossi drew out a pile of records his accountants had helpfully unearthed detailing "consultancy" fees paid by Ferruzzi to Bava in years gone by.

## In-house job?

A sheepish company librarian rang up the New York-based Conference Board recently requesting another free copy of its *Corporate Ethics Practices*. The original had been stolen from the law firm's library.



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13

TRUCK OF THE YEAR  
CARGO 1992

TRUCK OF THE YEAR  
EUROTECH 1993

**INSIDE**

**Incentive to buy cargo equipment unit**

Incentive, the Swedish industrial group controlled by the Wallenberg family, is set to become the world's leading supplier of shipboard cargo handling equipment after agreeing to buy MacGregor-Navire from Kone, the Finnish elevators group. Page 14

**Roussel and Hoechst reorganise**

Roussel Uclaf of France and its parent, Hoechst of Germany, are to reorganise their pharmaceuticals management and increase specialisation of drugs research. Page 14

**Boral bids for energy group**

Boral, the Australian building products group, has made a \$575m (US\$508m) takeover bid for Sagas, the South Australian petroleum group. The addition of Sagas would mean that about one third of Boral's gross earnings would come from energy. Page 15

**Persimmon house sales rise**

Persimmon's total house sales rose 30 per cent to 1,462 in the half-year to June but lower margins held back the rise in pre-tax profits on housebuilding which were £7.36m (£11m), compared with £7.25m. Mr Duncan Davidson, chairman, said: "House prices are starting to move." Page 17

**Watered-down whisky**

Invergordon Distillers, the independent Scotch whisky producer, reported a 23 per cent fall in first half pre-tax profits to £11.8m (£17m). Mr Chris Greig, managing director, blamed a fall in the price of mature whisky because of weak demand and overstocking in the industry. Page 18

**North America boosts Senior**

Senior Engineering, the tubing, ductwork and thermal engineering group, raised pre-tax profits 14 per cent to £11.4m (£17m) in the six months to June 30. For the first time North America accounted for more than half of group operating profits, which grew by 19 per cent to £11.8m. Page 19

**China group in the crystal-clear**

Waterford Wedgwood has reported its first interim profit - £400,000 (£562,000) - in six years. The company said that "profit growth has been achieved through cost reduction rather than volume growth". The Wedgwood fine china division, according to Mr Kneale Astwell, the division's chief executive, was doing better, not only than other competitors, in picking up market share, but better than the luxury goods sector as a whole. Page 19

**Emerging markets fluctuate**

The world's emerging markets saw some wide fluctuations last week. South Korea led all of the previous week's gains and Indonesia did well once again, helped by reasonably good interim reports and continuing foreign buying. Back Page

**Market Statistics**

Basis lending rates	28	London share service	21-25
Benchmark Govt bonds	18	Life equity options	18
FT-A index	21	London Ind. options	18
FT-A world index	21	Managed fund service	24-28
FT fixed interest index	28	Money markets	28
FT stock index	28	New Int. bond issues	18
FT stock index	28	World commodity prices	28
FT stock index	28	World stock index	28
FT stock index	28	US dividends announced	17

**Companies in this issue**

AGL	18	Lauritzen	15
Anglo Pacific Res	18	Leasing	14
BAL	14	Linton Park	15
Batavia	18	Liton Industries	15
Boral	15	Mayne Nickless	17
Burns Philp	15	Multinational	17
CBA	16	Nissan (Spain)	14
Celastrom	18	Nokia	8
CarnaudmetalBox	14	Osprey Comms	17
Ciba	13	P-E Int'l	17
Club Med	13	Pennino	15
Courtaulds	13	Persimmon	17
Cray Electronics	17	Plantsbrook	10
Def Trucks	17	Provident Financial	10
Dixon Motors	18	Quantum Capital	17
Du Pont	18	Rank Organisation	17
East Asiatic	18	Rarison	17
Emman Kodak	5	Roussel Uclaf	14
English & Overseas	18	Sagaso	15
Helmis	18	Santos	19
Heron	17	Seagroup	19
Hess	18	Senior Engineering	19
Honeywell	15	Serco	18
Incentive	14	Silvermines	18
Interim	18	Simon Engineering	18
Invergordon Dist	18	Tate & Lyle	13
Johnston Press	18	Uni Storebrand	15
KOP	14	VNU	14
Kone	14	Waterford Wedgwood	19
		Wickins	17

**Chief price changes yesterday**

**FRANKFURT (DM)**

Rieser	310	+ 8	Schneider	708	+ 10
Tata	310	+ 8	Wolfs	310	+ 8
Daimler-Benz	739.5	+ 15.5	Bochum City	550	- 18
Mercedes	584	+ 11	Club Med	405.1	- 31
Unipol	359	+ 14	EF Aquilone	435.7	- 10.2
Mercedes	743	+ 14	Lafarge	420	- 12.5

**NEW YORK (\$)**

Rieser	85	+ 1	Rieser	85	+ 1
Unipol	85	+ 1	Dai Nippon	847	+ 32
Unipol	85	+ 1	Unipol	1870	+ 80
Unipol	85	+ 1	Unipol	85	+ 45
Unipol	85	+ 1	Unipol	85	+ 45
Unipol	85	+ 1	Unipol	85	+ 45
Unipol	85	+ 1	Unipol	85	+ 45
Unipol	85	+ 1	Unipol	85	+ 45
Unipol	85	+ 1	Unipol	85	+ 45
Unipol	85	+ 1	Unipol	85	+ 45

**NEW YORK (pts)**

Unipol	85	+ 1	Unipol	85	+ 1
Unipol	85	+ 1	Unipol	85	+ 1
Unipol	85	+ 1	Unipol	85	+ 1
Unipol	85	+ 1	Unipol	85	+ 1
Unipol	85	+ 1	Unipol	85	+ 1
Unipol	85	+ 1	Unipol	85	+ 1
Unipol	85	+ 1	Unipol	85	+ 1
Unipol	85	+ 1	Unipol	85	+ 1
Unipol	85	+ 1	Unipol	85	+ 1

**NEW YORK prices at 12.30**

Unipol	85	+ 1	Unipol	85	+ 1
Unipol	85	+ 1	Unipol	85	+ 1
Unipol	85	+ 1	Unipol	85	+ 1
Unipol	85	+ 1	Unipol	85	+ 1
Unipol	85	+ 1	Unipol	85	+ 1
Unipol	85	+ 1	Unipol	85	+ 1
Unipol	85	+ 1	Unipol	85	+ 1
Unipol	85	+ 1	Unipol	85	+ 1
Unipol	85	+ 1	Unipol	85	+ 1

**LONDON (pence)**

Unipol	85	+ 1	Unipol	85	+ 1
Unipol	85	+ 1	Unipol	85	+ 1
Unipol	85	+ 1	Unipol	85	+ 1
Unipol	85	+ 1	Unipol	85	+ 1
Unipol	85	+ 1	Unipol	85	+ 1
Unipol	85	+ 1	Unipol	85	+ 1
Unipol	85	+ 1	Unipol	85	+ 1
Unipol	85	+ 1	Unipol	85	+ 1
Unipol	85	+ 1	Unipol	85	+ 1



Krauer: 'We knew 1993 would not be an easy year'

**Farm side hampers Ciba**

By Ian Rodger in Geneva

CIBA, the diversified Swiss chemicals and pharmaceuticals group, has reported an 8 per cent slide in net income from ordinary activities in the first half to SF1.4bn (\$954m).

"We knew that 1993 would not be an easy year," Mr Alex Krauer, chairman, told shareholders. He forecast that net income in the full year would be higher than last year's level, but warned that growth would be limited by the present unfavourable conditions of our business environment.

Ciba's interim results were weaker than those reported by its two Basle-based neighbours, Roche and Sandoz, reflecting a greater proportion of recession-hit agricultural and industrial chemicals businesses.

Group sales fell 4 per cent to SF11.85bn, with all divisions reporting declines except the relatively small self-medication, diagnostics and optical businesses.

Operating profit fell 10 per cent to SF1.9bn, but an improved financial result meant the pre-tax profit was down only 6 per cent to SF2.0bn.

After an extraordinary SF1.2bn gain last year on the sale of an additives business, net income was flat.

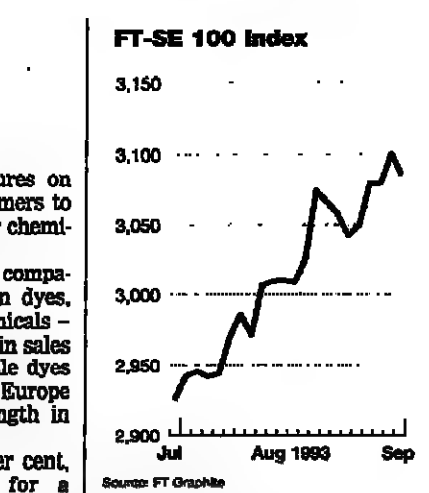
Sales in the pharmaceuticals division, which accounts for about a quarter of turnover, were down 6 per cent to SF3.07bn, depressed by healthcare reforms in Germany and Italy and the prospect of reforms elsewhere.

The comparative figure was also inflated by the introduction of the nicotine patch, Habitrol, in the US. Habitrol sales in the first half of last year were more than SF400m, but settled to SF40m in the first half of this year.

Ciba is the world's largest producer of agricultural chemicals and sales of its farm-related businesses account for a further quarter of group turnover. These sales fell 7 per cent to SF3.05bn, largely because of pressures on European Community farmers to grow less and to use fewer chemicals.

The group's industrial companies - mainly involved in dyes, pigments and related chemicals - suffered a 5 per cent slide in sales to SF4.4bn. Sales of textile dyes were flat, with declines in Europe and Japan offset by strength in the US market.

Additive sales rose 4 per cent, excluding the figures for a divested company, as weakness in additives for polymers was offset by high demand for products for coatings, radiation curing and photography. Lex, Page 13



FT-SE 100 Index

**Tate & Lyle issues warning**

By Meggie Urry in London

SHARES in Tate & Lyle fell 25p to 375p yesterday after the UK sugar and sweeteners group said profits for the year to September 25 would "fall short of the 1991 level".

Analysts cut profit forecasts from around £355m (£347m) to about £320m pre-tax following the announcement. Some also cut forecasts for 1994.

Tate said trading in its North American sweeteners businesses had been less buoyant than expected in the second half of the year.

In North America, Western Sugar, which processes sugar beet, had difficulties at a new molasses desugarisation plant. US government quotas, introduced to reduce the amount of sugar on the market, had forced it to hold higher stocks.

Low sugar prices hit margins at Tate's Domino sugar subsidiary, which refines sugar cane. The quotas had helped to increase sugar prices, but this came too late to benefit 1993 profits.

At Staley, which makes high fructose sweetener from corn, had recovered some of the volume it lost in 1992, but prices had not risen as hoped. Tate said, and margins fell. The industrial dispute at Staley was yet to be resolved but would not have a material effect on profits. Floods in the mid-west had cut production from some rivals but this was too late to benefit the 1993 figures.

Tate said this year's results would still show "a marked improvement over those achieved last year", when it suffered its first trading reverse for 14 years.

In 1992 pre-tax profits dropped to £188.6m from £230.8m in 1991. Analysts had expected a rebound above the 1991 figure in the current year, a view reinforced by interim pre-tax profits up 20 per cent to £107.6m.

Mr Paul Lewis, finance director, said the announcement had been made because the group was seeing analysts later this week before annual results are published in November.

Tate thought market forecasts were too high and decided to make a public statement, following the London Stock Exchange's censure of London International Group after it guided analysts to cut profit forecasts without making a formal announcement.

Mr Lewis, who appeared surprised by the London market reaction, said the statement represented a "slight modification" to expectations, which would not affect dividend policy. Lex, Page 12

**Courtaulds Textiles slows in Europe**

By Roland Rudd in London

HIGHER than expected interest costs adversely affected Courtaulds Textiles, which reported a 15.5 per cent fall in pre-tax profits, from £16.4m to £13.7m (£20.27m), for the six months to June.

The drop in net interest payable, from £3.1m to £2.8m, was less than analysts had expected.

Mr Martin Taylor, chairman and chief executive, said analysts had made "an error" in not realising the adverse effect on interest income of the fall in UK interest rates. Courtaulds keeps most of its cash in sterling deposits.

Borrowings declined from £84.8m to £53.2m. However, Mr Taylor said the group would be effectively repaid by the year-end when debt should fall back by around £50m.

Profit before interest in the UK rose from £9m to £10.6m, while the US edged up to £4.5m, against £4.4m. In the rest of Europe, however, profits collapsed from £2.8m to £400,000.

Mr Taylor said: "The continent is hell. Profits have fallen for five half-years running and that hurts. The outlook is not good."

The results were also affected by the restructuring of the pension scheme. The contribution from the pension fund surplus fell from £2.4m to £700,000.

Profits before interest fell from £16.2m to £15.3m on increased turnover of £422.5m, compared with £394.8m. It was the first rise in sales since the demerger from Courtaulds Chemicals three years ago.

Mr Taylor said: "Last year we reported big profit increases but were bearish about the UK economy. This time profits have fallen but we are basically bullish about the British recovery."

After falling 13p the shares rose 7p to close at 574p.

A change in boardroom responsibilities follows Mr Taylor's appointment as chief executive of Barclays Bank, which he starts in January.

Mr Noel Jervis, managing director, will replace Mr Taylor as chief executive.

Earnings per share fell to 10.4p from 12.2p. The interim dividend is raised from 4.4p to 4.7p. Lex, Page 12 Details, Page 17

**Club Med sails close to the red**

THE SUMMER holidays have come to an abrupt end for Club Med, one of France's largest leisure and travel groups.

Club Med warned yesterday that the effects of recession and political problems in some of its resorts could cause a pre-tax loss in the second half, which started at the end of April. The share price fell FF31 to close at FF405.10.

"They are in a risky business," said one Paris-based industry analyst.

"It is not just the economic environment they have to contend with but the threats of civil war, terrorism and political turmoil too."

He forecast the group would now make a loss for the full year of about FF750m (\$8.53m) before exceptional items.

Club Med blamed the downturn in business prospects on several factors. Recession in Europe had prompted severe competition and a price war between tour operators, which had cut profit margins.

Some important destinations had to be closed, and others suffered a sharp reduction in bookings. A holiday village in Israel, near the Lebanese border, was closed temporarily as a result of conflict in the region. Two resorts in Senegal had not been opened because of political unrest.

In Turkey and Egypt, two of the company's most sought-after destinations, bookings had been disappointing.

Kidnapping of western tourists in the former and terrorist attacks by Islamic fundamentalists in the latter led to a big fall in reservations.

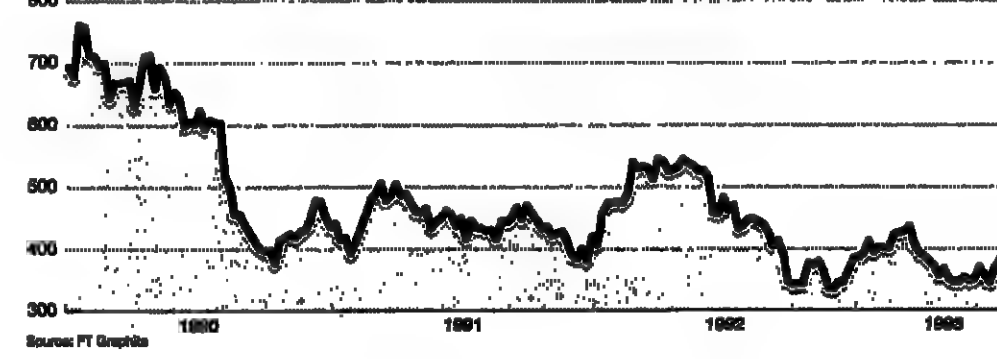
Yesterday's warning was made in a statement to Balo, an official publication which records quarterly results of French companies.

The statement outlined the group's performance in the first half of its financial year, confirming that net profits had fallen to FF2.15m from FF20.5m in the same period of 1992.

Industry analysts said first-half results had been buoyed by an accounting change which extended the depreciation of group assets and had a favourable impact of about FF48m.



Club Med share price (FF)



Source: FT Graphix

This announcement appears as a matter of record only.

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**Internationale Nederlanden Bank**

July 1993

**Bank aids London on Ecu front**

By Tracy Corrigan

THE Bank of England yesterday launched an Ecu securities settlements system, designed to improve the market's liquidity and secure London's position as an Ecu trading centre.

The Bank estimates that around 80 per cent of Ecu bond turnover is based in London. However, volume has plummeted since hopes of imminent European monetary union, with the Ecu as a single European currency, have receded.

In the second quarter of this year, Ecu bond trading volume reached the equivalent of only £157bn, nearly a 50 per cent drop from the same period last year. In addition, London lost the battle for dominance of the Ecu bond futures market to Paris.

Mr Ian Plenderleith, an associate director of the Bank, said: "The European Settlements Office (ESO) builds on a series of initiatives by the Bank to broaden the Ecu market infrastructure in London by providing real-time settlement for the professional market."

The ESO offers same-day settlement for Ecu bonds and money market instruments, with electronic bridges for transferring bonds from Euroclear and Cedel, the international bond clearing houses. They have five-day settlement, although there are proposals to reduce it to two or three days.

With this technology in place, based on its gills clearing operation, the Bank could consider offering clearing services for bonds in other currencies.

Same-day settlement is also intended to aid the development of an Ecu "repo" market. A repo, or repurchase agreement to sell and then buy back bonds at a set price and time, allows traders to finance bond holdings more cheaply.

"The impact on the market will not be immediately noticeable, but it is a statement of confidence in the Ecu market," said Mr Jonathan Davies, senior bond analyst at UBS.

For many traders, Euroclear and Cedel will remain more attractive, because they settle all Eurobonds and most European government bonds, allowing traders to switch between markets. The range will soon be extended to include gilts.

"I do not really see the need for another clearing system, at a time when the Ecu market is returning to its roots as a retail bond market," one trader said.



## INTERNATIONAL COMPANIES AND FINANCE

## Incentive set to buy cargo equipment unit from Kone

By Christopher Brown-Humes in Stockholm

**INCENTIVE**, the Swedish industrial group controlled by the Wallenberg family, is set to become the world's leading supplier of shipboard cargo handling equipment after agreeing to buy MacGregor-Navire from Kone, the Finnish elevators group.

The acquisition will strengthen the position of Incentive's materials handling company, Hägglunds Marine, and create a unit with annual sales of more than SKr2bn (\$245m). Payment is in the region of SKr500m, although exact details are not being disclosed.

Hägglunds is the world's leading supplier of shipboard

cranes. Acquiring MacGregor will expand its product range to include hatch covers, marine elevators, roll-on, roll-off equipment and cargo lashing equipment.

It will have a market share of between 50 and 60 per cent, according to Mr Mikael Liljus, Incentive president.

Mr Liljus said: "We think it is a good time to buy as the order books of both companies are growing, and they are benefiting from the devaluation of the Finnish and Swedish currencies."

He added that MacGregor-Navire's international network of 50 offices in 24 countries would greatly enhance Hägglunds' own sales and service network.

This is Incentive's most sig-

nificant purchase since it gained a stock market listing after emerging from under Asea's wing in 1991. Over the last two years of rationalisation, it has raised \$400m from selling businesses and cut net debt by SKr3bn as part of a strategic focus on engineering.

Kone said it was selling MacGregor-Navire to concentrate on its core elevator and crane businesses. It stressed that its marine unit, which had 1992 sales of FM889m, was profitable.

MacGregor-Navire and Hägglunds have co-operated closely over an equipment order from the US Navy for its Sealift rapid deployment unit. This is worth SKr500m, and could be worth as much as SKr1.5bn if options are exercised.

## Roussel Uclaf and Hoechst in shake-up

By John Riddling in Paris

**ROUSSEL Uclaf** of France and its parent, **Hoechst** of Germany, yesterday announced a reorganisation of their pharmaceuticals management and increased specialisation of drugs research within the companies.

The moves follow the sale last month of Rhône-Poulenc's 35 per cent stake in Roussel Uclaf and represent part of a restructuring plan aimed at increasing efficiency and responding to increasingly competitive markets.

Under the terms of the management reorganisation, Mr Ernst-Günther Afting, head of Hoechst's pharmaceuticals division, will become chairman of Roussel Uclaf from January 1.

In turn, Mr Jean-Pierre Godard, a member of Roussel Uclaf's current management board, is to replace Mr Afting at Hoechst. Both cases represent the first time that foreign managers have held the respective posts.

"It is something of a cultural revolution," said Roussel Uclaf, adding that the two companies were implementing a broader exchange of staff.

Mr Edouard Sakiz, Roussel Uclaf's current chairman, who will retire at the end of the year, said yesterday that the two companies would gradually reshuffle their drug specialisations. Research into antibiotics, for example, will be centred at Roussel Uclaf, while cardiovascular drugs will be centred under Hoechst's pharmaceuticals division.

A spokesman for the group said that the moves were aimed at reducing duplication, but added that both companies would continue their existing fields of research.

A broader restructuring of Hoechst and Roussel Uclaf will take place from the beginning of next year. Hoechst will transfer its French pharmaceutical laboratories and some of its German laboratories to Roussel Uclaf. The shift should effectively equalise the turnover of the pharmaceuticals activities of the two groups.

## BBL chief says recovery under way

By Andrew Hill in Brussels

**BANQUE Bruxelles Lambert**, one of Belgium's three biggest banks, yesterday claimed to have laid the foundations for recovery after recording net non-consolidated profits of BF1.46bn (\$68m) for the first half of the year.

Announcing the interim results yesterday, Mr Daniel Cardon de Lichtbuer, who took over as chief executive last December, said: "Fundamentally the bank that you have here is a better bank, a more solid bank than it was six months ago."

The non-consolidated profit was twice the equivalent figure

of BF1.23bn for 1992, but direct comparison is difficult because BBL has changed its year-end. The group calculated an artificial half-year equivalent from the group's 15-month figures for 1991-1992.

Consolidated profits rose from the restated six-month figure of BF1.46bn to BF3.06bn after tax, and BBL said it hoped to double net profit for the year.

Mr Cardon also hinted that BBL might be ready to return to a more generous dividend policy, following last year's dividend cut.

In 1992, BBL had to make extensive provisions against bad loans, which reduced net

consolidated profits from BF4.5bn in the year to the end of September 1991, to BF3.6bn in the following 15 months.

Meanwhile, an attempt to link up with Internationale Nederlanden Groep, the Dutch financial services group, fell through. Mr Cardon was appointed following the unexpected resignation of Mr Theo Peeters, who, together with most of the BBL management, had backed the ill-fated plan for an ING bid.

Mr Cardon said an 8 per cent increase in customers' deposits in the first six months of 1993 - from BF1.126bn to BF1.214bn - showed that "the new BBL" had retained its

credibility following the ING affair. He also pointed out that net interest income of BF18.8bn, against BF17.3bn, now more than covered recurring overheads.

ING retains an 11 per cent stake in BBL, but the bank has decided to pursue insurance links with two other insurance investors, Royale Belge of Belgium and Winterthur of Switzerland.

Winterthur increased its stake in BBL to 7.2 per cent two weeks ago and Mr Cardon said yesterday that the Swiss company would continue to buy BBL shares, but "at the right moment and at the right price".

## KOP sharply reduces shortfall

By Christopher Brown-Humes in Stockholm

**KANSALLIS-Osake-Pankki**, Finland's leading commercial bank, yesterday announced a FM788m (\$130m) loss for the first seven months of 1993, a sharp reduction on losses of FM2.3bn in the 1992 period.

It said the figures showed it was on target to halve last year's FM3.7bn deficit during the full year. It is the first indication that the bank has turned the corner to better

times, as its figures for the first four months of the year showed a worsening trend.

The bank is likely to have taken the unusual step of issuing January to July figures to win investor confidence for its plans to raise up to FM3bn in new capital through share and debt issues. Its capital adequacy ratio had fallen to near the 8 per cent international minimum at the end of August.

The bank is aiming to raise FM750m in new equity through an issue of up to 67m shares in

the next two months, according to Reuters news agency. Around 50m shares will be offered to international investors.

It is also planning a FM875m perpetual subordinated debenture to be launched this month, which will increase its capital adequacy ratio by 0.6 percentage points.

The aim is to have a capital adequacy ratio of around 10-11 per cent by the time the bank expects to return to the black in 1996.

## Simon Engineering omits pay-out

By David Blackwell in London

**SIMON Engineering**, UK maker of access equipment including fire rescue gear, plunged into the red in the first half, with a pre-tax loss of £53.6m (\$78.2m).

It also announced yesterday it was passing its interim dividend and talking to its bankers. The group, which has breached one of its banking covenants, was confident of securing facilities through to the end of next year.

The deficit marks the culmination of more than two years of bad news from the group, which has suffered from an ill-fated diversification into

environmental engineering, loss-making plant contracts, the recession and rising debts.

Mr Michael Davies, who became chairman last month, described the results as "extremely poor".

Mr Maurice Dixon, who took over as chief executive yesterday, said his main priority would be to reduce net debt to less than £100m from its current £142m. Further businesses and properties would be sold. He planned then to identify the strong remaining elements to establish a base for future profit.

The first-half loss compares with a pre-tax profit of £8.16m a year earlier when the interim

dividend was 5p. Turnover fell from £242.3m to £190.8m, including £5.4m from discontinued activities.

In spite of the sale of most of the group's environmental division at the beginning of the year, net borrowings rose to £133.9m - gearing of 196 per cent - at the end of June because of increased working capital requirements, continuing poor trading and payment of the 1992 dividend.

The loss per share was 54.8p, compared with earnings per share of 3.6p. The company, which does not expect to pay a final dividend, made a transfer from reserves of £55.1m. *Lex, Page 13*

## Nissan's Spanish unit plunges

By Kevin Done, Motor Industry Correspondent

**NISSAN Motor Iberica**, the majority-owned Spanish subsidiary of the Japanese car-maker, plunged to a pre-tax loss of Pta23,084bn (\$172m) in the first half of the year from a loss of Pta2.7bn in the same period a year ago.

The heavy losses are expected to force Nissan to inject more equity capital later this year into the troubled Spanish group, in which it currently holds a 70.3 per cent stake.

Nissan injected Pta5bn in July, but the company has indicated that it may have to put in a further Pta10bn

in two tranches in order to bolster the Spanish group's balance sheet.

Nissan Motor Iberica's sales volume fell by 7 per cent to 46,424 vehicles from 49,840 a year earlier, while group turnover declined by 8.2 per cent to Pta79.1bn (Pta86.3bn).

The company's finances have come under acute pressure under the impact of the sharp fall in new vehicle sales in Spain and across Europe, which has coincided with heavy capital investments by the Japanese vehicle maker in Spain in new production capacity and in the development of new models.

Nissan, which is in loss worldwide, is seeking to trans-

form its Spanish operations from their traditional role as a maker of light and medium duty commercial vehicles chiefly for the domestic market into a producer of niche passenger vehicles - the Serena multi-purpose vehicle and the Terrano II/Ford Maverick four-wheel-drive leisure utility vehicle - to be sold across Europe.

The Terrano II was only launched in May, and overall Nissan Motor Iberica production fell in the first half of the year by 13.5 per cent to 36,007 from 41,607 in the same period a year ago.

By the end of June the workforce had been cut to 7,006 from 7,228 a year earlier.

## Lenzing loss worsens to Sch66m in first half

By Ian Rodger

**LENZING**, the world's largest viscose fibre producer, said its loss worsened in the first half, reaching Sch66m (\$65.8m), compared with a loss of Sch44m in the whole of last year, due to fierce price competition in world fibre markets and heavy interest charges.

The Austrian group forecast that its full-year 1993 loss would be higher than last year's.

Sales rose 9.2 per cent to Sch4.24bn but operating profits tumbled from Sch130m to Sch48m. Lenzing said fibre

sales prices were 15 per cent lower on average than in the same period of last year.

Following interest charges inflated by the group's heavy investments in pollution control systems, the pre-tax loss was Sch50m compared with a profit of Sch38m in the first half of last year.

Lenzing said it had agreed a \$100m joint venture with Industrias Klabin de Papel e Celulose of Brazil to build a 120,000 tonnes a year chemical pulp mill.

The output would supply Lenzing viscose plants in the US and Indonesia.

## Anglo-French packages group acquires Zeller

**CARNAUDMetalBox**, the Anglo-French packaging group, has acquired Zeller Plastik Group, a private German company which manufactures closures and dispensing systems for household and beauty products, writes John Riddling.

The acquisition price was not disclosed. But CarnaudMetalBox said that Zeller was profitable and achieved sales of FF600m (\$102m) last year.

CarnaudMetalBox said that Zeller's range of mechanisms to close and dispense household products would complement its packaging activities.

## VNU climbs despite lower advert revenue

By David Brown in Amsterdam

**VNU**, the largest publishing group in the Netherlands, yesterday reported a 10 per cent rise in first-half net profit from F1.54m to F1.59m (\$31.6m), on sales of F1.05bn, and predicted a comparable rate of increase for earnings during the second half.

The result, which has been adjusted to reflect the sale in April of its printing division, has been achieved in spite of a considerable decline in advertising revenue within its newspaper and trade press operations, a trend which is expected to worsen in the course of this year.

However, other activities, including magazines and educational publishing, distribution, electronic media and commercial television, continue to generate healthy and growing profits, VNU said.

"Provided economic circumstances do not further deteriorate," the company said, "the percentage increase in 1993 net profit and net profit per share will be of the same order of magnitude as during the first half." Net profit per share rose by 3 per cent to F1.68.

Among the group's most vigorously growing activities are electronic publishing in the US where VNU is a leading supplier of on-line consumer demographic information as well as financial analysis of bourse-listed companies.

All of these securities having been sold, this advertisement appears as a matter of record only.

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US\$ 150,000,000

Floating Rate Subordinated Debentures due 2007

In accordance with the provisions of the Debentures, notice is hereby given that for the six month interest period from August 31, 1993 to February 28, 1994 the Debentures will carry an Interest Rate of 1.78125% per annum, adjusted in accordance with a notice published in September 1993.

The interest payable on the relevant Interest Payment Date, February 28, 1994 will amount to US\$ 89.56

for Debentures of US\$ 10,000 nominal and US\$ 895.60 for Debentures of US\$ 100,000 nominal.

The Reference Agent

Kreditbank Luxembourg



INTERNATIONAL COMPANIES AND FINANCE

# Seagram gains from Du Pont earnings

By Robert Gibbons in Montreal

SEAGRAM, one of the world's top drinks groups, posted a 56 per cent gain in second quarter profit mainly because its shares of earnings at Du Pont, the US chemicals giant, returned to normal after the negative accounting changes of 1992.

The drinks business met difficult conditions in many markets because of poor economic conditions "and at this point it will be difficult for the spirits and wine group in fiscal 1994 to match last year's record results," said Mr Edgar Brown, Jr, president.

Seagram's net income for the quarter ended July was US\$170m, or 46 cents a share, up from US\$109m, or 39 cents a share, a year earlier. For the first half, net income was \$332m, or 89 cents a share, against \$262m, or 70 cents a share.

Last year Seagram made significant accounting changes and included its share of a Du Pont special charge. This year Seagram received \$74m in Du Pont dividends, against \$72m. Its share of Du Pont's unremitted earnings was \$51m against a negative \$6m in 1992.

Sales from the global drinks business rose 2 per cent in the second quarter to \$1.44bn. The gain was spread across spirits and wine operations and Tropics, the fruit juice unit. Operating income was \$165m against \$156m, with spirits and wine up 8 per cent to \$32m and Tropics also up 8 per cent to \$28m.

Mr Brown said spirits and wine operations benefited from timing factors, including purchases in advance of a French excise tax increase and comparison with a very slow 1992 second quarter in Germany.

Last month Seagram filed a \$500m shelf offering of debt securities, raising speculation it may increase its 5.8 per cent holding in Time Warner, media and entertainment giant.

# Boral makes bid for energy group

By Bruce Jacques in Sydney

BORAL, the Australian building products group, has accelerated its diversification into energy with a A\$759m (US\$512.8m) takeover bid for Sagasco, the South Australian petroleum group.

Announcing the bid yesterday, Mr Bruce Kean, managing director, said Boral's net earnings for the year ended June had jumped 50.6 per cent to A\$229.9m on a 14 per cent rise in sales to A\$4.22bn. The dividend is set to rise to 18 cents from 16 cents a share.

Mr Kean said Boral had paid

A\$146.8m to acquire a 19.9 per cent stake in Sagasco from the government-controlled South Australian Government Financing Authority (Safa) and would bid A\$3.50 cash a share for the remainder.

The bid is substantially in excess of the A\$2.70 a share offer which Santos, a rival South Australian petroleum group, made for Sagasco last year. The Santos bid failed to gain clearance from the Trade Practices Commission.

Mr Kean stressed yesterday that he had been advised that Boral would have no problem in this area.

Safa and Santos own 31.9 per cent and 19.9 per cent respectively of Sagasco. Both indicated last night that they had yet to make a decision on the bid.

Mr Lynn Arnold, premier of South Australia, said his government's eventual response would take account of the employment implications for the state.

Boral directors said yesterday they did not expect to push through any rationalisation of Sagasco should the bid succeed. The acquisition of Sagasco would mean that about one-third of Boral's gross earnings would come from energy.

Boral's earnings statement showed it spent A\$500m on acquisitions and capital expenditure last year. Mr Kean said the Sagasco purchase would be funded through debt and the flotation of Sagasco's manufacturing operations.

AGL, another Australian energy group, indicated yesterday that it would be interested in some Sagasco assets if the Boral bid was successful.

Mr Len Blesse, AGL managing director, announced a 71 per cent increase to A\$70.6m in AGL's net earnings for the year ended June.

# Burns Philp increases payout

By Bruce Jacques

BURNS Philp, the Australian food technology group, has raised its dividend to 17 cents from 15.5 cents a share following a 20 per cent increase in net earnings to A\$110.1m (US\$74m) for the six months ended June.

Directors said the result, achieved on a 19 per cent sales rise to A\$2.68bn, reflected higher earnings in 14 of the group's 16 divisions, despite slow trading in most markets.

The company's biggest profit earner was the food and fermentation division, which lifted its net contribution from A\$62.3m to A\$86.6m. The hardware side improved earnings from A\$23.9m to A\$23.4m and investment division profit rose from A\$19.1m to A\$26.5m.

Mr Mayne Nickless, the diversified transport and security group, has reported a steep fall in profits for the year ended June. After-tax profit fell 98.6 per cent to A\$98.8m on a 2 per cent slide in total operating revenue to A\$2.44m.

The results included a A\$47.1m abnormal loss on write-downs at the European transport operations. In the previous year a A\$77.6m abnormal profit had been taken in, mainly on the sale of shares in Amcor.

# Skandia in first-half turnaround

By Christopher Brown-Hume in Stockholm

SKANDIA, one of Sweden's two leading insurers, swung back into the black in the first half due largely to rising asset values and exchange rate movements.

The group made an operating profit of SKr734m (\$89.81m), against a SKr744m loss in the same period of 1992. If changes in the surplus value of assets are included, it turned a SKr636m loss into a SKr1.6bn profit.

The insurance business also showed an improving trend, with profits rising to SKr241m from SKr195m. Gross premium rose 23 per cent to SKr2.14bn, mainly due to the weaker Swedish krona.

The group saw another strong performance from its Nordic insurance unit, Skandia Norden, where insurance profits reached SKr404m.

It is also benefiting from a decision to reduce its exposure to the non-life insurance sector and place increased emphasis on life insurance and savings products.

Net asset value stood at SKr13.2bn at June 30, and by mid-August had reached SKr14.2bn, said Skandia. This compares with SKr11.4bn at the end of 1992 when the group decided for the first time to scrap its dividend.

Skandia has gained a more stable ownership base after 40 per cent of its shares held by the Norwegian insurer Uni-Rebrand and Hafnia, the Danish insurance group, were placed with international investors in June for SKr3.2bn.

sold several operations during the half year, notably containing shipping and Plunrose food processing operations.

The disposals strengthened group finances, with net interest bearing debt falling to DKr4.30bn at end June from DKr5.55bn at end December.

Lauritzen trade fall  
LAURITZEN, the shipping and shipbuilding group, made a loss of DKr73m for the six months ended June, compared with a profit in the same period last year of DKr18m. Turnover slipped to DKr6.79bn from DKr6.85bn.

Order book at the Danish shipyards and industrial companies, however, increased to DKr4.8bn from DKr3.4bn. The group warned that its results for the full year were likely to be lower than in 1992.

## NEWS DIGEST

### Insurance loss cancels Baltica growth

BALTICA, the Danish insurance company, has swung into loss for the six months ended June running up a deficit of DKr60m (\$8.74m) compared with a profit of DKr256m a year earlier, writes Hilary Barnes in Copenhagen.

Mr Hans Jivind Hansen, chief executive, said that a 10 per cent cut in staff is planned for the next two years. Employee numbers have fallen from 3,600 to 3,324 over the past 12 months.

Baltica increased earnings from financial investments in the half year to DKr307m from DKr255m, but it made a loss on

the insurance account of DKr193m compared with a profit of DKr60m last year.

The insurance loss reflected a shortfall of DKr275m on credit reinsurance, a business being discontinued. Premium income was little changed at DKr1.68bn, while claims rose to DKr1.40bn from DKr1.06bn.

East Asiatic profit  
EAST ASIATIC, the Danish trading company with substantial interests in south-east Asia, reports a return to profits after net financial items of DKr42m for the six months ended June, against a loss of DKr17m a year earlier.

However, the net result after the costs of discontinued operations and income from divestments, was a loss of DKr97m compared with an DKr18m loss in 1992. The group

# CRA bucks trend with advance to A\$379m

By Bruce Jacques

CRA, the Australian mining company, has traded against the trend of falling commodity prices to increase net profit to A\$379.6m (US\$256.40m) from A\$128.1m for the first half of 1993.

The result was achieved on a 12.2 per cent rise in sales to A\$2.79bn and it is allowing CRA to double its dividend to 30 cents a share.

Directors said the result was helped by a weaker Australian dollar and higher sales volumes for iron ore. These factors more than offset the negative impact of weaker prices for aluminium, iron ore, zinc, lead and coal.

The biggest after-tax contribution came from iron ore, up at A\$191.0m from A\$161.0m, coal earnings jumped from A\$34.5m to A\$119.5m, boosted by the acquisition of Coal and Allied Industries, and profit on diamonds was A\$41.4m, up from A\$36.9m.

Other significant earnings contributions came from copper/gold, up from A\$3m to A\$34.7m, and aluminium, improving from A\$12.1m to A\$27.8m.

The overall result included some non-trading items, chiefly a A\$37.7m surplus on the superannuation fund (compared with a A\$65.4m deficit previously) and a A\$91.5m positive tax adjustment.

Capital expenditure rose from A\$254.4m to A\$436.3m. Gross borrowings at the end of June totalled A\$1.44bn, against A\$1.2bn a year ago.

Remison and Pasmenco, the large Australian mining companies, report continuing losses for the June year following lower commodity prices and heavy asset write downs.

Pasmenco's net loss increased to A\$88.9m from A\$68.8m. Remison's net loss rose to A\$94.4m from A\$10.1m.

# Litton wins round in \$1.2bn patent infringement case

By Martin Dickson in New York

A LOS Angeles jury has awarded Litton Industries, the California high technology group, \$1.2bn for the alleged infringement of a patent by Honeywell, the Minnesota-based controls company.

Honeywell insisted that the case was far from over, however, pointing out that the judge was continuing to hear evidence in the case.

Trading in the shares of both companies was halted on Tuesday ahead of the award announcement. Honeywell's shares fell sharply yesterday morning when trading resumed on the New York Stock Exchange. In early trading, Honeywell stood at \$57, down \$3, while Litton rose \$1 1/2 to \$68.

The case centres on ring laser gyroscopes, a device used in aircraft navigation, which Honeywell pioneered in the 1960s.

Litton alleges that Honeywell infringed its patents, which it took out in 1979 and 1980, for a process to coat mirrors used as part of the

gyroscope's measuring system. Honeywell argues that Litton's patents are invalid and that its coating process is in any way different from that of Litton.

Mr Edward Grayson, Honeywell's general counsel, said the company was "disappointed and outraged" at the verdict, but he added that it was "only one stage of this trial and Honeywell believes it will have no independent value".

Honeywell said the presiding Judge Mariana Pfaltzer still had to consider two issues which could reduce or eliminate the jury's verdict.

These are Honeywell's argument that Litton failed to follow the correct procedures in obtaining its patents and that the reissuing of its patents in 1982 invalidated those it claimed in 1979.

Litton's lawsuit, filed in 1990, alleges that Honeywell tried to monopolise the ring laser gyroscope market, but no trial date has been set for this anti-trust portion of the case.

Honeywell has counter-sued, accusing Litton of attempted monopoly.

# Daf Trucks in the black in first four months

By John Griffiths

DAF TRUCKS made a profit of F1.8m (\$850,000) in its first four months after being resurrected in slimmed-down form following the Dutch truck maker's financial collapse at the start of this year.

The figure was achieved after tax, interest and an allocation for development costs. The profit at operating level was F1.62m, achieved on turnover of F1.97m.

The results are roughly as forecast by the company after it was formed with the aid of F1.451.7m in equity and loans from the Dutch and Flemish regional governments, banks

and institutional investors. They cover the period from March 2 to June 31, putting Daf Trucks in position to make a conventional second-half report for a financial year ending December 31.

The company yesterday said that it expected a "significantly higher positive result" for the whole year, with a projected turnover of F1.4bn.

The results coincided with an announcement by Leyland Daf Trucks, the Dutch company's wholly-owned UK sales arm, that it had won its largest post-recovery order in the UK, for 182 trucks worth £7.5m.

## NOTICE OF REDEMPTION To the Holders of REPUBLIC OF CHILE Floating Rate Bonds Due 1996 and

Floating Rate Bonds Due 1997

Redemption Date: September 27 1993

Notice is hereby given that the Republic of Chile (the "Issuer") has elected to redeem on September 27, 1993, the "Redemption Date", pursuant to the provisions of the Bond Subscription Agreement, dated as of January 23, 1991 (the "Bond Subscription Agreement"), among the Issuer, the financial institutions listed on the signature pages thereto, Chemical Bank (as successor by merger to Manufacturers Hanover Trust Company), as fiscal agent (the "Fiscal Agent"), and Chemical Investment Bank Ltd. (as successor by merger to Manufacturers Hanover Trust Company), as paying agent, (i) all of its outstanding Floating Rate Bonds Due 1996 (the "Series A Bonds") at a redemption price for each Series A Bond equal to the sum of (a) 100% of the outstanding principal amount of such Series A Bond on the Redemption Date and (y) accrued and unpaid interest from March 26, 1993 to the Redemption Date of \$4,182.78 per \$250,000 outstanding principal amount of such Series A Bond (collectively, the "Series A Redemption Price"); and (ii) all of its outstanding Floating Rate Bonds Due 1997 (the "Series B Bonds", and together with the Series A Bonds, the "Bonds") at a redemption price for each Series B Bond equal to the sum of (a) 100% of the outstanding principal amount of such Series B Bond on the Redemption Date and (y) accrued and unpaid interest from March 26, 1993 to the Redemption Date of \$6,216.15 per \$250,000 outstanding principal amount of such Series B Bond (collectively, the "Series B Redemption Price"). The Series A Redemption Price and the Series B Redemption Price will become due and payable on the Redemption Date upon presentation and surrender of the Bonds (together with all unamortized interest and principal coupons appertaining thereto) to the Chemical Investment Bank Ltd. or Kreditbank S.A. Luxembourg as paying agents with respect to the Bonds (collectively, the "Paying Agents"), at their respective addresses set forth in this Notice. Interest on the Bonds (and other amounts payable thereunder) shall cease to accrue on and after the Redemption Date.

Bonds, together with all unamortized interest and principal coupons appertaining thereto, must be surrendered to either Paying Agent listed below.

The method of delivery of the Bonds is at the option and risk of the holder of the Bonds, but if mail is used, registered mail with return receipt requested, properly insured, is recommended.

Copies of this Notice of Redemption may be obtained from either Paying Agent listed on the attached schedule, or the Fiscal Agent at 270 Park Avenue, New York, New York 10017, U.S.A., Attention: Helena Lense.

REPUBLIC OF CHILE  
**CHEMICAL**  
BY: CHEMICAL BANK, as Fiscal Agent  
MEMBER OF THE SECURITIES AND FUTURE AUTHORITY August 1971, 1993  
Schedule of Paying Agents  
Chemical Investment Bank Ltd Kreditbank S.A. Luxembourg  
The Adelphi 43, Boulevard Royal  
1-11 John Adam Street L-2555 Luxembourg  
London WC2N 6HT England

**3i International B.V.**  
(Formerly known as Investors in Industry International B.V.)  
**£125,000,000 GUARANTEED FLOATING RATE NOTES 1994**  
FOR THE THREE MONTH PERIOD 31ST AUGUST, 1993 TO 30TH NOVEMBER, 1993  
In accordance with the provisions of the Notes, notice is hereby given that the rate of interest has been fixed at 6 1/2% per annum and that the interest payable on the relevant interest payment date, 30th November, 1993 against Coupon No. 24 will be £158.71 Euro Notes of £10,000 nominal and £15.87 from Notes of £1,000 nominal.  
**S.G. WARBURG & CO. LTD.**  
(Agent Bank)

**International Bank for Reconstruction and Development**  
**U.S. \$250,000,000 U.S. Dollar Floating Rate Notes due February 1994**  
For the interest period 31st August, 1993 to 30th November, 1993 the Notes will carry an interest rate of 3.9323% per annum with a coupon amount of U.S. \$85.77 per U.S. \$10,000 Note, payable on 30th November, 1993.  
**Bankers Trust Company, London** Agent Bank

**HENDERSON UNIT TRUST MANAGEMENT LIMITED**  
(Member of IIMRO and Lantoro)  
Announced with effect from 1st September 1993, HENDERSON TR AMERICAN GROWTH FUND has been merged following an approved Scheme of Amalgamation into HENDERSON AMERICAN SMALLER COMPANIES TRUST.  
Holders of Henderson TR American Growth Fund income units will receive 0.887249 income units in Henderson American Smaller Companies Trust for every income unit held.  
**071 410 4104**

To the holders of  
**Mortgage Capital Trust I**  
**Collateralized Mortgage Obligations, Series A**  
Class A-1 Bonds Due 1st June, 2017  
Notice is hereby given that the interest rate on the Class A-1 Bonds for the interest period 1st September, 1993 through 1st December, 1993 is 3.85% per annum.  
By: Bankers Trust Company, as Trustee.

To Advertise in the Business Opportunities Section  
Please Call  
**Melaine Miles**  
on 071 873 4780

**WOOLWICH - Building Society -**  
**£33,000,000 Subordinated floating rate notes due 2001**  
Notice is hereby given that the notes will bear interest at 6.85% per annum from 31 August 1993 to 28 February 1994. Interest payable on 28 February 1994 will amount to £3,396.85 per £100,000 note.  
Agent: Morgan Guaranty Trust Company  
**JPMorgan**

**Mortgage Funding Corporation No 2 Plc**  
**£115,000,000 Class B-1 £11,000,000 Class B-2**  
Mortgage backed floating rate notes August 2023  
For the interest period 31 August 1993 to 30 November 1993 the Class B-1 notes will bear interest at 6.325% per annum. Interest payable on 30 November 1993 will amount to £1,576.52 per £100,000 note. The Class B-2 notes will bear interest at 6.50% per annum. Interest payable on 30 November 1993 will amount to £1,620.55 per £100,000 note.  
Agent: Morgan Guaranty Trust Company  
**JPMorgan**

TO THE HOLDERS OF:  
**GLENFED, INC.**  
(Now Glendale Investment Corporation)  
**7 1/4% Convertible Subordinated Debentures Due 2007**

We wish to advise you that Glendale Investment Corporation, successor by merger to Glenfed, Inc., made the March 15, 1993 interest payment plus Defaulted Interest to Chemical Bank, as successor by merger to Manufacturers Hanover Trust Company, as Trustee for the Debentureholders, on August 26, 1993. The amount of interest paid on August 26, 1993 was \$80.20 per coupon. This amount includes \$2.70 per coupon of Defaulted Interest which is calculated based on 182 days for which interest was not paid at a rate of 7 1/4%.

Debentureholders must surrender the March 15, 1993 coupon to receive payment at one of the Paying Agents listed below.

**Bankers Trust Luxembourg S.A.**  
14 Boulevard F.D. Roosevelt  
L-2450 Luxembourg  
**Bankers Trust Company**  
1 Appold Street  
Broadgate, London EC2A 2HE  
**Banque Bruxelles Lambert S.A.**  
Avenue Marnix 24  
1050 Brussels, Belgium

Capitalized terms used herein and not defined have the meaning assigned thereto in the Indenture, dated as of March 15, 1986, as amended.

**GLENDALE INVESTMENT CORPORATION**  
By: **CHEMICAL BANK**,  
successor by merger to  
Manufacturers Hanover  
Trust Company,  
Trustee  
Dated: September 2, 1993

# EARNINGS IN THE FT

Readers of the FT's London Share Service pages will have started to notice a capital N against the names of some companies.

The N symbol means that the version of the company's earnings used in the FT's statistical calculations now follows the "headline earnings" formula devised by a subcommittee of the Institute for Investment Management and Research (IIMR) and proposed in draft form (still subject to final review) in early March.

This formula represents a broad consensus on the "single number" that should be used for UK companies' earnings under the Accounting Standards Board's Financial Reporting Standard 3.

The IIMR headline earnings formula emphasises a company's actual activities during the reporting period, including those activities which have been with the company only for part of the period. Key features are:

- All trading profits/losses are included in the earnings number. Items which are abnormal in size or nature are included but should be flagged.
- Profits and losses on the sale of fixed assets or of businesses should be excluded. This does not apply to assets acquired for resale, such as marketable securities.
- Profits and losses arising in activities discontinued at some point in the period, or in activities acquired at some point in the period, should remain in the earnings figure. Costs of eliminating a discontinued operation, or of making an acquisition, are excluded.

Further information on the FT's treatment of earnings is available from The Manager, FT Statistics, One Southwark Bridge, London SE1 9HL.

**£85,900,000 CARPS III Limited**  
Secured Amortising Floating Rate Notes due 1999  
For the three month interest period August 31, 1993 to November 30, 1993, the rate has been determined at 6.25%. The interest payable on the relevant interest payment date (November 30, 1993) will be £1,114.78 per £72,118.19 principal amount of Notes.  
By The Chase Manhattan Bank, N.A.  
London, New York  
September 2, 1993

**£150,000,000 HALIFAX BUILDING SOCIETY**  
Floating Rate Loan Notes Due 1996 (Series A)  
Interest Rate 6.1425%  
Interest Period 1st August 1993 to 30th September 1993  
Interest Amount due 30th September 1993 per £1,000,000 Note £6,142.50  
£1,000,000 Note £614.25  
Credit Suisse First Boston Limited Agent







# Offshoot sale behind advance at Persimmon

By Catherine Milton

INCREASED purchases by housing associations helped lift unit sales at Persimmon, the York-based housebuilder, by 30 per cent to 1,462 in the half year to June 30 1993.

However, lower average selling prices and margins held back profits.

Pre-tax profits advanced from £7.25m to £9.72m helped by a £2.36m profit on the sale of a non-trading subsidiary with surplus advance corporation tax and lower interest charges of £1.32m, compared with £1.96m.

At the operating level profits came out lower at £8.68m, against £9.23m.

Mr Duncan Davidson, chairman, said: "House prices are starting to move. There is a stronger secondhand market. Confidence and fear of unemployment are still holding back the housing market."

Turnover increased to £26.4m (£21.5m). The company said 300 of its total sales were to housing associations at an average selling price of about £45,000, compared with £45,000 for each speculative house sale. Operating margins fell to 10.2 per cent, against 12.9 per cent.

The landbank stood at a stable 13,350 units with planning consent. Persimmon also owns, or has options on, 2,700 acres for which it is seeking planning permission.

Mr Mike Allen, deputy chairman, said the company was reducing expensive incentives: "Part exchange sales are costing us less than they did six or seven months ago. Last year each sale cost £5,500 compared



Duncan Davidson: fear of unemployment still holding back sales

with £1,500 in 1992. At the end of the period borrowings were £23m giving gearing of 16 per cent.

The interim dividend is maintained at 2.8p. Earnings per share were 7.6p (5.2p).

## COMMENT

Shares in Persimmon yesterday closed up 5p at 289p indicating some caution over the ripeness of the profits. Better sales volume and headline pre-tax profits have more to do with windfall gains than a good climate for housing. The government's cash injection of £750m which lifted sales to housing associations is unlikely to be repeated. But the company could realise a further £4.5m by 1995 from ACT-related disposals. Exceptional gains apart, sales com-

pleted or in the pipeline since mid-year already match the total for the first half and on higher margins. As land prices improve, the company should benefit from its long landbank. However, Persimmon owns only two thirds of its landbank with the remainder held in joint ventures, a form of off-balance sheet financing which proposed accounting rules could shortly outlaw. The company's own calculations are that this would almost double gearing. Stripping out exceptional gains, forecasts are for full-year pre-tax profits of £16.5m, giving earnings up to 12.4p. A prospective p/e of 25 is average for a sound builder but investors are paying more for others in the sector offering more sparkling prospects.

# Rank sells eight more hotels

By Michael Skapinker, Leisure Industries Correspondent

THE RANK Organisation has sold eight provincial hotels to the privately-owned MacDonald Hotels group.

Rank would not reveal the price paid, but it is thought to be about £28m.

Of the 22 hotels put up for sale in April 1992, Rank has now sold 14. It has since decided to retain the Alveston Hall hotel in Nantwich,

Cheshire, as part of its Warner holiday business. The group said it was talking to prospective buyers of the remaining hotels, which include the Royal Garden and Royal Lancaster hotels in London.

Mr Angus Chrichton-Miller, managing director of Rank's hotels division, expected the remaining seven hotels to be sold by next April.

Among the hotels sold yesterday were the Last Drop in Bolton and the Tinkled Trout, near Preston.

Martin Taylor prepares his departure with a strong second half recovery in prospect

# Courtaulds Textiles slips to £13.7m

By Roland Fiddell

FOR A man who appears to get most things right Mr Martin Taylor's timing does not look good.

The chief executive and chairman of Courtaulds Textiles yesterday announced a 16.5 per cent fall in pre-tax profits to £13.7m for the half year to end-June.

The company is expected to recover strongly over the next six months, but by then Mr Taylor will have already moved on to his new job as chief executive of Barclays.

At the mere mention of his departure Mr Taylor tries to anticipate the follow-up question. "Am I sorry that I am leaving Courtaulds? Yes, it is earlier than I would have liked. But I think it is reckless. No, the company is in great shape."

Mr Taylor's timing is in doubt, his natural ability for public relations is not.

His ability to charm shareholders, analysts and journalists alike partly explains his success at Courtaulds. A big feature of his tenure at the company has been its ability to generate cash.

When it was demerged three years ago it had borrowings of more than £70m. After reducing net debt in 1991 by £38m, a

further reduction of £33m was achieved last year. By the year end the company will effectively be unencumbered.

However, the price has been high. He has closed 30 out of the company's 23 UK spinning mills, axing thousands of jobs. The City was delighted. But there are still critics who believe he contributed to the decimation of the British textile industry.

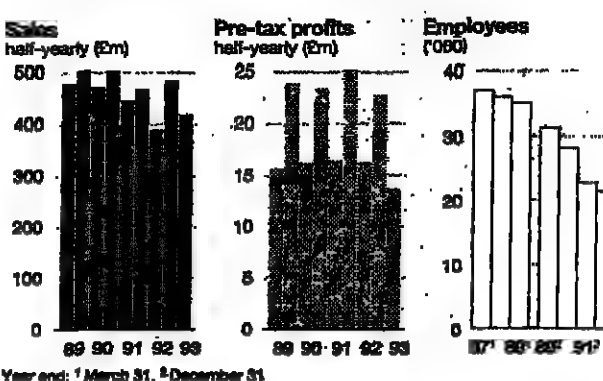
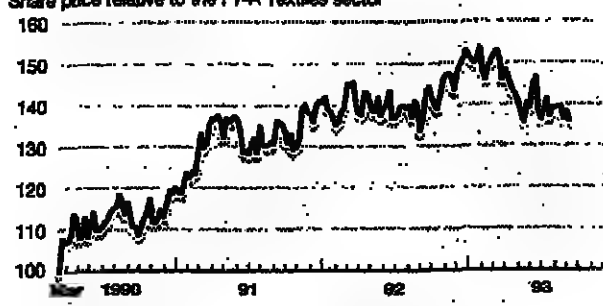
Perhaps the most extraordinary thing about his tenure at Courtaulds is that there was never a bigger row over his rationalisation programme.

"I could never understand", says one textile analyst, "why there was not an uproar among the trade unions or in the press when Mr Taylor wielded the knife." By way of an explanation Mr Taylor says he has always believed in the personal touch. "It is much harder to be nasty about someone if you have met them first."

Internally, Mr Taylor did away with hierarchies. He once told a merchant banker: "I cannot manage without talking to everyone." Externally, he did much the same. An analyst who talked somewhat critically to one of Courtaulds' institutional shareholders remembers being surprised to receive a call from Mr Taylor the next day inviting him for lunch.

## Courtaulds Textiles

Share price relative to the FT-A Textiles sector



Year end: March 31, December 31

Having got through the difficult period of rationalisation, Mr Taylor can take satisfaction that he all but eliminated borrowings during one of the worst recessions.

He has not, however, been able to achieve the same results with the profit and loss account, which is one of the reasons why he would have preferred the Barclays job to

have come up later. After stripping out the effects of lower interest receivable because of the fall in UK interest rates and the decline in the contribution from the pension fund surplus the profits and earnings per share were broadly flat. "Not a particularly beautiful set of results", explains Mr Taylor. Analysts are forecasting full year pre-tax profits of about £45m.

Mr Taylor is careful not to make too many predictions about the future. He says the last thing he wants to do is leave his successor, Mr Noel Jervis, with albatrosses around his neck.

But in the longer-term Mr Taylor is bullish about the group's prospects.

"If the trends had not been in the right direction I would not have raised the dividend by almost 7 per cent", he says. He also believes he has left the company in a good position to make further acquisitions.

If Courtaulds' future profits match expectations further praise will probably be lavished on Mr Taylor. If profits are disappointing it will be Mr Jervis who will be forced to give an explanation.

Perhaps Mr Taylor's timing is good after all.

# Wickes calls for £58m

By Catherine Milton

WICKES, the DIY and timber retailer which came close to collapse two years ago, yesterday announced a £58.1m rights issue to fund an aggressive programme of expansion, including doubling the number of its UK stores to 160.

The money will initially be used to reduce borrowings, which were a net £70.8m at the halfway stage in June, giving gearing of 88 per cent.

Mr Henry Sweetbaum, chairman, said: "The group's level of debt has been a constraint on its ability to expand."

"As a result of the rights issue, Wickes will have the financial resources to take advantage of the attractive opportunities currently avail-

able at this stage of the economic cycle."

The 2-for-9 issue of 67.9m new shares at 86p each is fully underwritten by SG Warburg and SG Warburg Securities is the broker.

In the current year the company plans to open 18 stores at an average cost of £300,000.

Mr Sweetbaum said the company had taken over the leases on about six or seven sites of the long-making Do It All chain, which is a joint venture between WH Smith and Boots, and a similar number from Texas, part of Ladbrokes.

Wickes is also planning further expansion of the 36 stores in Belgium, France and the Netherlands, as well as accelerating the expansion of Builders Mate, the discount builders merchant.

Mr Sweetbaum believes that the DIY market in the UK is not yet "saturated".

He thought the market could "easily support" 150 Wickes stores, compared with the current 77.

There was also room for more than 200 Builders Mate stores.

## COMMENT

Tactical, if a little tactless, was the verdict on Wickes' latest call on its investors and the shares closed down 4p at 102p.

Wickes only returned to the dividend list two weeks ago after a two-year absence while management tackled its dire straits. Rights issues funded both the foray and the subsequent rescue. Not surprisingly, the market wonders how management will cope with the strain of the ambitious programme at home and abroad. Against this, the funds will go to Wickes' core stores business, which has been profitable throughout the recession, and the new trade business, Builders Mate, which is breaking even. Pre-tax profit forecasts have been revised upwards by £1m to about £19m, but show earnings diluted at 4.2p (4.3p) and a fairly demanding multiple of 34.

# Cray bid values P-E at £16.24m

By Paul Taylor

CRAY Electronics Holdings, the data communications and software systems group, yesterday launched a recommended all-share offer for P-E International which values the management and computer consultancy group - one of Europe's oldest - at about £16.24m.

The planned acquisition will represent a further significant expansion of Cray's existing computer services business and highlight the continuing process of reshaping under way in the computer services and management consultancy sectors in the face of mounting competition.

The deal also represents Cray's second sizeable acquisition in 12 months. The Berkshire-based group, which operates through three divisions, acquired the Dowty information technology division from TI for £60m in August last year.

Cray is offering one new share for every two P-E shares valuing the group at 74p per share.

Yesterday P-E shares closed up 10p at 75p while Cray, which was reported to be active in the market picking up at least one institutional shareholder's entire holding, closed 1p lower at 148p.

The company has received irrevocable undertakings to accept the offer from P-E's directors and its largest shareholder, the Merchant Navy Officers' Pension Fund, who together hold about 18 per cent of the issued share capital.

If completed the deal will

double the size of Cray's systems division which comprised 19 per cent of continuing group turnover last year and create a combined business with annual revenues of about £70m.

Mr Roger Holland, Cray's chairman, said, "the acquisition of P-E will consolidate Cray's computer systems and software products business as a major participant in its markets and enable it to provide a wider range of software products from a more efficient base."

Mr Holland said he had first approached P-E about a merger two years ago, but at that stage his advances were firmly rejected.

For P-E, which yesterday also announced a £986,000 pre-tax loss (£515,000 profit) on turnover of £34.2m (£36.3m) for the six months to June 30, the deal represents an opportunity to tie-up with a financially strong partner.

P-E, which omitted its final dividend last year after profits tumbled to just over the break-even level and is also omitting its interim dividend, has been struggling to cut costs and reorganise its management while also investing in new business areas over the past 15 months since Mr George Cox stepped in as chairman.

Although he acknowledged that P-E might have needed to tap the market for additional funds to continue with its reorganisation and expand into new business areas, Mr Cox rejected suggestions that the deal represented a "rescue".

# Hanson spells out cost of US strike

By Maggie Urry

THE US coal miners strike affecting some of Hanson's US coal mines could cut the Anglo-American conglomerate's profits by between \$50m and \$80m in the fourth quarter of its current financial year, which ends this month.

The cost would continue at a similar rate as long as the strike continues at its current intensity, it emerged yesterday.

The forecast appeared in a letter to shareholders of Quantum Chemical Corporation, the US group which has agreed to a bid from Hanson worth \$3.3bn (£2.22bn), including the assumption of \$2.5m of debt.

The letter calls for a special meeting of Quantum shareholders for September 30 (Hanson's year end) to vote on the merger. The vote requires a two thirds majority of shares in issue.

In the letter Hanson said the strike, which had hit 20 of its Peabody subsidiary's 22 mines and facilities, had cut profits by \$25m in the third quarter of its year.

It said talks between the coal operators association and the union had recommenced on August 11, but there was no guarantee that these would lead to an agreement by any particular date.

The letter also shows that if Quantum accepts a higher offer from another bidder it would have to pay Hanson a \$50m fee. This could deter other potential buyers, the letter said.

Further, it says that nine officers of Quantum would share a lump sum payment of \$13.7m if the merger goes through. An option scheme would be worth \$11.9m to Quantum's executive officers and \$1.64m to its non-executive directors.

In the letter Quantum, which makes polyethylene and other chemicals, gives a forecast of operating profits for 1993 to 1997, although warning that the numbers could vary materially.

The profit projection shows operating profits of \$105.3m in 1993 rising to \$546m by 1997, with net income moving from a loss of \$102m in 1993 to a profit of \$186.1m in 1997.

The projection is based on forecasts of polyethylene volumes and prices, annual cost savings rising to \$65m in 1997, and other factors including the receipt of a \$22.1m insurance claim by the end of 1993.

Hanson's shares fell 2 1/2p to 257 1/2p yesterday, although it has risen from 222 1/2p since June 30 when the merger with Quantum was announced.

# Multitrust net asset value rises to 48.6p

Net asset value per share of Multitrust increased from 33.2p to 48.6p over the 12 months to June 30. At end-December 1992 the value was 35.25p.

For the year to end-June basic earnings per share were 2.17p (1.5p) and available revenue increased from £55,124 to £53,972.

The proposed final dividend of 1.2p makes a 2.7p (2.5p) total. Mr Andrew Perloff, chairman, said that having seen the increased value that could be attributed to a company by an acquisition, he would be "forced to consider any serious proposals that appeared to be capable of giving significant added value to all shareholders".

## BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interim or final and the sub-divisions shown below are based mainly on last year's final accounts.

Company	Date
Interline: American Trust, Am Energy, Ashby Group, Boveri, British-Soviet, Buxton, Cansel, Ladbroke, Latin American Trust, Microtech, Northern Engineering, PCT, Pearson, Pals, Pals & Co, Rolo-Royce, Victoria, York-shire Food.	
Interline: Abbey Trust, Am Energy, Ashby Group, Boveri, British-Soviet, Buxton, Cansel, Ladbroke, Latin American Trust, Microtech, Northern Engineering, PCT, Pearson, Pals, Pals & Co, Rolo-Royce, Victoria, York-shire Food.	
Interline: Abbey Trust, Am Energy, Ashby Group, Boveri, British-Soviet, Buxton, Cansel, Ladbroke, Latin American Trust, Microtech, Northern Engineering, PCT, Pearson, Pals, Pals & Co, Rolo-Royce, Victoria, York-shire Food.	
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## DIVIDENDS ANNOUNCED

Company	Current payment	Date of payment	Current dividend	Total for year	Total last year
Calderbank	2.8	Oct 28	2.8	-	7.7
Courtaulds Text	4.7	Oct 29	4.4	-	13.6
Dixon Motors	0.75	Nov 8	-	-	-
Henley	1.5	Oct 25	1	-	3
Instem	1.3	Nov 26	1.3	-	7
Intergordon	2.9	Oct 8	2.8	-	3.1
Johnston Press	3.5	Nov 27	3	-	10
Johnston Press	2.5	Nov 11	2.25	-	8.25
Linton Park	2.5	Nov 16	2.5	-	14
Osprey Comms	0.17	Sept 30	0.65	-	0.65
Page (Michael)	0.6	-	0.6	-	1.8
P-E Int	1.1	-	1	-	1
Persimmon	2.8	Oct 18	2.8	-	8.6
Persimmon	2.8	Oct 15	2.8	-	8.6
President Fin	4.75	Nov 4	3.7	-	11.4
Senior Eng	1.28	Nov 30	1.2	-	3.15
Serco	5.3	Oct 21	4.5	-	1
Silvermines	1.1	-	1.1	-	1
Simon Eng	1.1	-	1	-	5

Dividends shown prices per share net except where otherwise stated. \* Gross. † On increased capital. \$USM stock. ‡ Irish currency.

Year	Net asset value	Basic earnings	Available revenue
1990	33.2	1.5	55.1
1991	35.25	1.5	55.1
1992	35.25	1.5	55.1
1993	48.6	2.17	53.97



## COMPANY NEWS: UK

Overstocking and weak demand hits mature whisky prices

## Invergordon declines to £11m

By Philip Rowlands

AFTER nearly a decade of uninterrupted growth, Invergordon Distillers, the independent Scotch whisky producer, reported a 23 per cent decline in first half pre-tax profits, from £14.6m to £11.3m.

Mr Chris Greig, managing director, said the result reflected a fall of 10-15 per cent in the price of mature whisky because of weak demand and overstocking in the industry.

"There are indications, including lower stocks of grain whisky, that trading conditions have stabilised," he said. "Although we do not expect to match 1992's profit in the full year, we believe that the

impact has been taken in the first half."

Earnings per share in the six months to June 30 dropped to 6p (7.7p) but the interim dividend goes up to 2.9p (2.8p).

Operating profit was 27 per cent lower at £11.8m on turnover down 8 per cent to £36.8m. Gross margins were reduced from 33.6 per cent to 49.9 per cent, their level in 1990.

In the UK turnover increased from £22.4m to £23.1m because of the resilience of the own-label supermarket sector.

Overall volumes were maintained at the record levels achieved in the first half of 1992. A 3 per cent reduction in Scotch was offset by increased volumes of gin and vodka. Bot-

tled-in-Scotland whisky volumes were 17 per cent ahead.

Total production was reduced by 4 per cent. Though the grain distillery continued to operate at more than 90 per cent capacity, output of malt whisky was cut by 21 per cent and the company's four distilleries were operating at 50 per cent capacity.

## COMMENT

Invergordon's own stocks of lower-cost mature whisky and the resilience of its supermarket customers have enabled it to weather adverse trading conditions longer than most others in the industry. It has also made good use of the three years since flotation to

strengthen its balance sheet: doubling net assets to £64m, and reducing borrowings from £46m to £22m, and gearing from 143 per cent to 35 per cent.

Market pressures have now begun to take their toll, however. Analysts have cut their forecasts of full year profits to about £27m compared to last year's £32.5m and recovery is not expected before 1995.

Whyte & Mackay, which holds a 41 per cent stake, can afford to wait and watch the effects on the share price before renewing its bid, but the prospects of securing it for a bargain price seem slim. The shares lost 9p to close at 286p yesterday, still above the 275p offered by W&M two years ago.

## Expanded Johnston Press rises to £6m

By Katrina Lowe

CONTINUING tight cost controls and the contribution from acquisitions helped Johnston Press increase interim pre-tax profits by 24 per cent to £6.02m in a difficult market.

The increase from the previous £4.85m was achieved on sales up 25 per cent to £41.5m (£32.7m) in the six months to June 30.

The Edinburgh-based newspaper publishing group is raising the interim dividend by 0.25p to 2.5p on earnings per share of 12.9p (11.6p).

The share price added 5p yesterday to 578p.

Mr Fred Johnston, executive chairman, said that in the newspaper publishing division, TR Beckett recorded an encouraging performance in its first full half-year within the group.

The West Sussex County Times achieved a significant profits increase, aided by the Worthing Guardian, acquired at the end of 1992.

The printing market continued to suffer from recession and Wood Westworth at St Helens and Yorkshire Communication Group at Wakefield suffered losses. Both operations are under review.

At the end of the half-year the cash balance had risen to £5.37m.

## Government programme boosts Serco to £4.35m

By Andrew Bolger

SERCO, the facilities and project management company, said the growing momentum of the government's programme of putting services out to contract would help to maintain its record of profits growth.

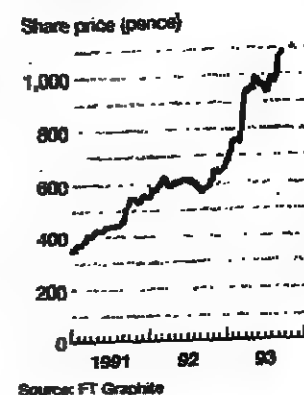
Pre-tax profits increased 28 per cent to £4.35m in the six months to June 30 on turnover of £82.3m, up 27 per cent. The shares, which have enjoyed a strong run recently, rose a further 5p to £10.90p.

Mr George Gray, chairman, said the government's market testing programme had afforded excellent business opportunities in the first six months of the year and would lead to an increasing number of bid opportunities.

Serco said its profits increase was due to substantial organic growth in businesses both owned by and associated with the company, together with a strong six-month contribution from International Aeradi Limited, the civil aviation specialist acquired from BT for £12.3m in April 1992.

The civil aviation services market continued to develop

Serco Group



well, with new contracts including consultancy work in central and eastern Europe. The company is now operating the Scots air terminal in Shetland for BP Exploration's Sullom Voe terminal.

In July Serco paid £3.5m for BM Scotland, part of the Property Services Agency, the government body responsible for property management. The company said this deal brought a further 278 contracts with existing government customers, which considerably strengthened its core business.

Mr Richard White, managing director, said the successful rationalisation and integration of IAL boded well for the future of BM Scotland, which would enhance Serco's position in the Scottish market.

The engineering services side, relating to the provision of automatic test systems, had also been boosted by the award of a contract, worth £40m over five years, to test the avionics of the Royal Navy's Merlin EH101 helicopter.

On the international side, the group won a share of the management contract for Diego Garcia, the US naval base in the Indian Ocean. Serco was awarded 20 per cent of the contract, worth £16m (£108m) over seven years.

Mr Gray said: "The outlook for the remainder of 1993 remains good, based on firm business and the securing of new contracts both with current and new customers. The group's cashflow remains strong."

The interim dividend goes up 18 pence to 5.3p (4.5p), payable from earnings per share ahead 28 pence to 22.5p (17.4p).

## Charges deepen Osprey losses

By Don Farrell

AFTER CHARGING a £3.49m loss on discontinued operations Osprey Communications incurred a pre-tax deficit of £4.25m in the 13 months ended May 31.

The period is part of the new accounting year, which now ends on September 30. In the comparative period the loss was £336,000 after exceptional losses of £355,000.

During the period the group, which provides advertising and associated services, sold the marketing services division to management for £2.1m, bought SMS Communications for £1.63m in cash and shares,

and raised £1.3m net via a rights issue. On completion of those transactions Mr John French resigned as chairman and chief executive and was succeeded by Mr Jack Rubins.

The new chairman said yesterday that negotiations were in hand for the disposal of Rayner Holdings and Acute-Marketing and Communications, two of the small regional subsidiaries, to their managers.

Provision had been made for the release of goodwill in the accounts.

Mr Rubins said despite the greater than expected trading loss - £394,000 from turn-

over of £21.9m - the balance sheet had been substantially enhanced by the disposals and rights issue. At May 31 a pro forma statement showed net assets of £536,000 - in the balance sheet there were negative assets of £560,000.

The group was profitable in June and July, with the performance of SMS being "particularly encouraging". Mr Rubins said the group was beginning to make progress.

Losses per share were 28.6p (2.03p) of which exceptional losses accounted for 24.95p. To preserve trustee status an interim dividend of 0.1p is declared.

## IoM Steam rises 56% to £1.91m

THE ISLE of Man Steam Packet Company is considering a reduction of passenger services to the island in response to plans by the Isle of Man government to build new facilities in Douglas harbour which would be open to competitors.

However, Mr Juan Kelly, chairman, reported along with the interim results that talks were taking place with the government. He said the company was willing to guarantee a level of services similar to the present in return for a degree of protection from competition.

In the six months to end-June pre-tax profits for the company, in which Sea Containers controls 41.97 per cent, advanced 58 per cent to £1.91m (£1.23m) on turnover ahead 5 per cent at £11.9m (£11.3m).

The result was helped by the lack of exceptional items against £146,000 last time. Earnings per share were 10.8p (7.1p) and the interim dividend is raised from 3p to 3.5p gross.

The comparative figures have been restated to take account of a change in accounting policy towards overhaul expenditure.

## IN BRIEF

ETHICAL Holdings, has acquired fellow pharmaceuticals group, Gacell Holdings, based in Malmö, Sweden. The Swedish company develops and licenses products based on a proprietary oral controlled-release technology trademarked Multipor.

SCR-SIBELCO, the private Belgian company engaged in a hostile bid for Wals Blake Bearn, the world's largest ball clay producer, has declared its 420p offer final. The offer, in cash or loan notes, will not be increased and remains open until September 7.

## Instem shares lose 19p on halfway drop to £410,000

By Don Farrell

PRE-TAX PROFITS of Instem, the USM-quoted electronics and information systems group, fell from £261,000 to £410,000 in the six months ended July 31.

The shares dropped 19p to 143p.

However, the directors were encouraged by a record order intake. On balance, the performance was in line with their

plans for the period.

The business segments concerned with electricity transmission and distribution, power generation and nuclear fuel processing moved forward broadly in line with plans.

Also the performance of the electronics manufacturing operation recovered, in part due to the result of increased business from the merger of the mining equipment business of Dobson Park Industries with

Meco International.

Datator F1 software product did not achieve satisfactory performance in a number of site trials. That resulted in management changes and a delay in the next release to early 1994.

Turnover rose from £7.06m to £9.5m. Interest charges were £11,000 (£3,000 received). Earnings per share were 8.01p (7.98p) but the interim is held at 1.3p.

## Dixon Motors ahead of projections with £0.62m

By John Murrell

DIXON MOTORS, the Hull-based motor retailer which joined the USM via a reversal into Plateau Mining earlier this year, returned pro forma pre-tax profits of £642,000 for the half year ended June 30.

The figure was ahead of the directors' expectations and came on turnover of £29m, up from £20.4m.

They said the advance reflected an improved perfor-

mance in all areas of the business, with total car sales for the period ahead by 62 per cent at 3,449 units.

The group's year-end has been changed to December 31. Consolidated results for the nine months ended June 30 showed profits at £77,000.

The directors said these figures were not particularly meaningful and comprised nine months contribution from Plateau and five weeks from Dixon.

As forecast, an interim dividend of 0.75p is being paid subject to High Court approval of a capital restructuring.

The second half of the year had started well, with July and August ahead of management projections. The group is to raise about £1.69m of additional working capital via an issue of new ordinary shares.

Plateau Mining was formerly a natural resources group which had been fighting a hostile bid.

## Linton Park doubles to £4.3m on higher tea prices

LINTON PARK, the diversified tea coffee and fruit producer and food trader ultimately controlled by Lawrie Group, reported pre-tax profits of £4.3m for the six months to June 30.

The outcome, achieved after reduced interest charges of £684,000 (£1.05m) was a "significant improvement" on the

comparable £2.17m, according to Mr Keith FitzGerald, chairman.

He said the improvement reflected better tea prices and increased production on the group's Kenyan estates which have now recovered from the drought early in 1992.

In Malawi, however, the rains came too late to have a

material impact on the current year.

Turnover on continuing operations, taking Kakuzi, a long-time associate, as a subsidiary from March 1, amounted to £62m (£58.7m).

The interim dividend is maintained at 2.5p, payable from earnings of 13p (5.4p) per share.

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**LEGAL NOTICES**

CHANCERY FINANCIAL SERVICES

The Insolvency Act 1986

In accordance with Rule 4.109 of The Insolvency Rules 1986 notice is hereby given that I, Jacqueline B. Stephenson, a Licensed Insolvency Practitioner of Lifford Chambers & Co., 7 Fleet Street, London, EC4A 3DF, am appointed Liquidator of the above company by the Court on 28th August 1993.

Dated 28th August 1993  
JACQUELINE B. STEPHENSON, Liquidator

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(FF millions)	30.06.1993	30.06.1992
Sales	3,730	3,773
Operating income after interest	178	171
Net income	54	58
Net income + depreciation	248	240

Practically stable overall (- 1% at current parities, + 2% at constant parities), sales were up 15% in the United States and 8% in Germany.

Operating income after interest increased slightly. Net income includes an extraordinary charge of FF 8.8 million.

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**THE SHEPHERDS HOTEL AND CASINO**

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In the context of the Egyptian Government's privatisation programme, the Egyptian Hotels Company, through the Export Development Bank of Egypt (EDBE) announces:

**THE SALE AND COMMENCEMENT OF FORMAL BIDDING FOR THE SHEPHERDS HOTEL AND CASINO**

The Shepherds Hotel and Casino is a 332-room, five-star hotel located on the Nile River, Garden City, Cairo, Egypt. All interested bidders, whether individuals, companies, or institutions, Egyptian or non-Egyptian, may obtain the Bid Documents from the Financial Advisor, the Export Development Bank of Egypt ("EDBE") or Merrill Lynch International Limited, Advisor to EDBE, as of 31/8/93 for a fee of US \$300 or L.E. 1000, at either of the following addresses:

**Financial Advisor**  
The Export Development Bank of Egypt  
At/ The General Manager  
10 Talat Harb Street  
P.O. Box 2096 Ataba  
Cairo 11511  
Egypt  
Tel. (202) 776331 - 761153  
Fax (202) 774553

**Advisor to EDBE**  
Merrill Lynch International Limited  
At/Manager, Real Estate Finance  
25 Ropemaker Street  
London EC2Y 9LY  
England  
Tel. (44-71) 867 4008  
Fax (44-71) 867 4454

Bids are to be submitted in a sealed envelope addressed to the Financial Advisor and to be labelled "The Egyptian Hotels Company, Tender for Sale of the Shepherds Hotel and Casino" by 12 o'clock noon, Cairo time, on Thursday 28th October 1993, which is the last date for acceptance of bids.

Bids will be opened publicly in the presence of all bidders or their legal representatives at the Financial Advisor's premises.

Any clarifications regarding this announcement should be addressed to the Financial Advisor or Advisor to EDBE.

**INDEX CONSTITUENTS**

LISTS OF the constituent stocks of the FT-SE Actuaries Share Indices series and other FT indices are available at no charge from The Manager, FT Statistics, One Southwark Bridge, London SE1 9HL.

Information regarding the FT-Actuaries World Indices, including details of constituents, is available from:

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(212-902-6777).

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74-77 Queen Street,  
Edinburgh EH2 4NS  
(031-225-8525)



## COMPANY NEWS: UK AND IRELAND

## Strong US performance helps Senior to £11.4m

By Andrew Boiger

A STRONG performance in the US helped Senior Engineering Group, the tubing, ductwork and thermal engineering company, increase pre-tax profits by 14 per cent to £11.4m in the six months to June 30.

Sales rose by 26 per cent to £181.4m. For the first time North America accounted for more than half of group operating profits, which improved 19 per cent to £11.8m.

Mr Don McFarlane, chairman, said this performance had been achieved in spite of continuing poor conditions in the UK, which accounted for only 40 per cent of operating profits during the period - down from 60 per cent a year ago.

He said: "The group's order book is very healthy, particularly in the US, which should ensure that the year's result will demonstrate a period of very satisfactory progress. There are some signs of the long awaited recovery in the UK and as this develops we

should see further benefits for the group".

Mr John Bell, chief executive, said he was delighted with the performance of Flexonics, the US manufacturer of flexible hose and expansion joints, which the group bought for \$40m in February last year.

Mr Bell added that Flexonics was now a leading supplier of flexible couplings to the US and British automotive industry and was winning more orders from Japanese and European car makers.

A greenfield development for Flexonics Automotive in Wales will begin trading in the second half of the year. Engineered products accounted for 46 per cent of group sales, up from 42 per cent. The depressed construction services division was responsible for 17 (20) per cent of sales.

The thermal engineering division's contribution was steady at 37 per cent of sales, against 38 per cent, with substantial growth in the US offsetting reduced activity

in the UK.

Earnings per share rose to 3.33p (3.07p). The interim dividend is lifted 5 per cent to 1.26p (1.22p).

## COMMENT

Senior's exit from the mining equipment industry and the closure of its large power contracting business look well-timed, even if FR 3 meant that the full-year results for 1993 look a knock. These figures highlight another good piece of timing by the group - its purchase and then heavy investment in Flexonics, which has given it a strong and growing position in the automotive industry. With gearing standing at a comfortable 26 per cent, Senior is likely to increase its Flexonics presence in Germany by acquisition.

Forecast full-year profits of £23m put the shares, up 3p to 119½p, on a prospective multiple of 18. That is not unreasonable for a company which has weathered the recession better than most other engineering stocks.

## Revamped Plantsbrook shows 21% expansion to £5.96m

By David Blackwell

PLANTSROOK, the funeral services group which has undergone extensive reorganisation, boosted interim pre-tax profits by 21 per cent, from £4.91m to £5.96m.

Mr Peter Hindley, chief executive, attributed the rise to continued emphasis on client care and service, stringent cost controls and tight management.

"Our market share remains stable and we are optimistic that our recent acquisitions and new sites will enhance our overall performance", he said.

The group has just under 9 per cent of the UK funeral market, and reported turnover just ahead at £26.3m (£26.2m).

Dignity in Destiny, the previously loss-making pre-paid funeral scheme, was now contributing to profits, said Mr Hindley.

In the past 18 months the group had reduced costs by closing 80 branches.

During the first half it acquired three businesses for £1.8m and opened five new branches, taking the total to 330.

Net interest payable fell to £334,000 (£1.3m).

Gearing, which reached 415 per cent two years ago, had been reduced to 26 per cent compared with 75 per cent a year earlier.

The group, which raised £10.5m through a rights issue in March last year, made a £2m placement in December and a further £2m placement in May.

Mr Hindley said the group had repaid £3.6m of hire purchase debt at 10 per cent on its vehicles, and reduced its debtors by £1m in the period.

Fully diluted earnings per share were 3.83p (4.31p). The interim dividend is raised to 1.1p (1p).

Mr James Brown and Mr Graham Barber, both operational directors, were yesterday appointed to the board.

## Provident doubles to £21.9m

By John Gapper  
Banking Editor

PROVIDENT Financial, the consumer credit and insurance company, nearly doubled pre-tax profits in the first half of the year helped by a modest rise in demand for loans among its niche market of poorer customers.

Provident, which sold its banking operations last year and has stopped retail merchandising linked to consumer credit, raised profits to £21.9m, against £11.6m, reduced by £1.21m from the reported figure as a result of FR 3.

It raised its interim dividend from 3.7p to 4.75p from earnings per share of 11.05p, against 6.05p adjusted for the 5-for-2 share split.

The home collected credit division, which makes cash loans with repayments collected weekly by agents paid by commission, increased its £400m loan book by 9 per cent, a third through higher demand and two thirds by adding new customers.

The company managed to convert 100,000 customers of its retail merchandising operations to weekly collected credit. The level of provisions against bad debt rose by 4 per cent, although Provident does not disclose provisions figure.

Mr John van Kuffeler, chief executive, said its customers appeared to be "feeling slightly more confident about the economic conditions".

The group has also added to the numbers by promotions

through its network of agents.

Mr van Kuffeler said that about half the 44 per cent rise in home collected credit profits had come through cutting costs. It had reduced branches from 360 to 277 over the year, and was experimenting with branchless operations.

The insurance division, which comprises its Halifax Insurance motor business and Colonnade Insurance Brokers, increased profits to £5.3m. Halifax moved from a £400,000 loss to £3.9m profit, helped by a large growth in policyholders.

Mr van Kuffeler said that policies had risen from 400,000 at the year end to 540,000 by the end of June. He said that this growth was likely to level off in the second half

after strong promotion of the business in the first half.

The shares rose 5p to 452p.

## COMMENT

Provident has reaped gains from the focusing of the business and stringent cost-cutting. It can expect full-year earnings of 30p per share, giving a prospective multiple of about 15. That seems demanding in the long term unless it finds a means of sustaining earnings. It may be able to eke some more from its income streams, but cost-cutting will eventually run its course. That suggests an acquisition in the insurance field, in which case much will depend how much it pays. There is a little more in the shares, but not a huge amount.

## Waterford Wedgwood at £0.4m

By Tim Coone in Dublin

WATERFORD Wedgwood yesterday reported its first

interim profit in six years as the long and painful rationalisation of its luxury crystal business in Ireland began finally to bear fruit.

For the six months to end-June the group swung from losses of £5.8m to profits of £400,000 (£374,000) at the pre-tax level.

Since 1987 the group, created by the merger of the Wedgwood fine china and Waterford crystal businesses, has suffered accumulated losses in the region of £28m.

First half turnover rose just 3.7 per cent to £135.4m. The group said profit growth had been achieved "through cost reduction rather than volume growth".

The Waterford crystal division reported operating profits

of £1.6m against a previous deficit of £2.3m.

In January this year trade unions representing the 1,600 workforce at the Waterford Crystal division agreed to a rescue plan involving 800 voluntary redundancies, pay cuts of up to 25 per cent, and a three-year no-strike agreement.

Waterford's sales in the first half rose 24 per cent to £138.7m, largely a result of growing success with the new outsourced Marquis range of crystalware in a more buoyant US market, as well as a 160-strong new product range introduced in the company's Classic range of crystalware.

Mr Paddy Galvin, chief executive of Waterford, said: "We are much stronger now than we were a year ago, with improved volumes and increased market share."

"An operating profit of £1.6m is still not enough

though and there are further non-labour cost savings we are working on."

He said that the Marquis range, which is aimed at the middle-income sector of the market, "has carved out its own place in the sun. There was concern that it might cannibalise the upper end of the market but this has not happened. There has been growth in both markets with sales in Marquis well up on last year."

The Wedgwood fine china division had a particularly tough year, with sales down 2.6 per cent to £56.7m.

Mr Kneale Ashwell, the division's chairman and chief executive, said the Japanese market had suffered through a downturn in consumer spending "but we are doing better, not only than our competitors in picking up market share, but better than the luxury goods sector as a whole".

He said that rationalisation measures begun last year "should be largely complete by the year end".

Like the crystal division, he said Wedgwood was also "now looking at worldwide outsourcing of new products", which are not currently manufactured by the company but which will be introduced under the Wedgwood brand name.

Mr Richard Barnes, group chief financial officer, said that although net debt had grown to £172.6m (£163m) this was largely due to exchange rate fluctuations, and should return to about £150m by year end.

He said no exceptional items were anticipated in the current year's results, and that "on existing capacity-demand relationships no further rationalisations should be necessary".

Earnings per share were 0.02p (losses of 0.81p).

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## COMMODITIES AND AGRICULTURE

## Chinese selling sends tin prices to 20-year lows

By Kenneth Gooding,  
Mining Correspondent

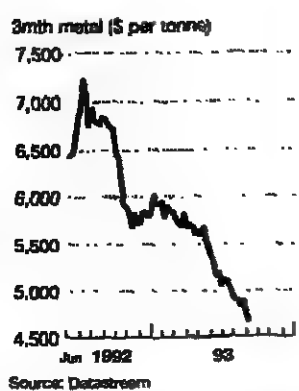
CHINESE TIN exports were creating havoc in western tin markets, analysts suggested yesterday, after the metal's price dropped to fresh 20-year lows on the London Metal Exchange.

At one point the three months delivery tin price touched \$4,660 a tonne, well below the western world average cost of production, following an overnight fall to its lowest-ever price in the Far East. At the LME close last night the price was down \$50 at \$4,677.50 a tonne.

The surge in Chinese exports has almost completely nullified attempts by the Association of Tin Producing Countries to bring some stability back to the market by fixing export quotas.

Mr Fidelis Madavo, analyst at the Commodities Research Unit consultancy group, pointed out that, according to official statistics, China's tin

Tin price



Source: Datastream

exports reached 30,200 tonnes last year - equivalent to more than 15 per cent of western world demand. Exports continued at record levels in the first half of this year, jumping by 20 per cent from the 1991 level to 15,000 tonnes.

Therefore, despite substantial cuts in output by other tin producing countries, the market was likely to show only a small supply deficit this year,

he said. Consumers were living from hand to mouth and waiting for prices to drift even lower because there was so much metal available.

The ATPC estimates that world-wide tin stocks are between 38,000 and 40,000 tonnes or about 11 weeks of consumption.

Mr Angus MacMillan, research manager at Billiton-Enthoven Metals, part of the Royal Dutch/Shell group, said: "The prospects for tin remain decidedly uninspiring for the near to medium term. Production looks set to fall still further this year but the still-huge stock overhang and poor demand outlook will ensure that the fundamental outlook for this market will remain bleak."

Billiton forecasts that western tin production this year will fall by 5 per cent from an already depressed 142,000 tonnes in 1992 to 135,000 tonnes, while demand will be down by 3 per cent from 178,000 to 174,000 tonnes.

## Copper's day of reckoning deferred

By Kenneth Gooding,  
Mining Correspondent

A POTENTIALLY critical time in the London Metal Exchange's copper market - when September traded options were declared - passed quietly yesterday but traders suggested that a looming technical "squeeze" had been rolled forward to the October/December period.

"There is still the potential for mayhem in the market," said Mr Wiktor Bielski, analyst at Bain and Company, part of the Deutsche Bank group. "All the big players involved in the squeeze appear to have rolled their options positions into October, and some into December. And these situations tend not to unwind themselves without doing some damage to some players."

The LME board has voiced its concern about possible manipulation of its "flagship" copper market to boost the price by twice giving warnings that it has the authority to take any necessary action to maintain an orderly market.

The situation is reminiscent of the technical squeeze in December, 1991, which resulted in the LME board taking the unprecedented step of limiting the backwardation (premium for metal for immediate delivery) to 225 a tonne a day - until recently LME copper was quoted in sterling.

Last night the backwardation was \$35.50 a tonne with cash metal closing at \$1,971 a tonne, down 50 cents, while three-month metal was down \$3 at \$1,935.50.

Unusual activity has kept the copper market in turmoil

for much of this year. The price fell by one quarter in only five weeks, culminating in a 34-year low of \$1,705 a tonne in May. Several LME trading houses suffered huge losses because of that collapse.

Traders suggest that Sumitomo, the Japanese group which is one of the world's biggest traders in physical copper, now controls most of the available LME copper stocks via option activity, even though stocks are at their highest level for 15 years. But Mr Yasuo Hamanaka, the senior manager responsible for Sumitomo's copper trading operations, has denied any manipulation, saying he is going on. He said the acute supply tightness was highly technical and could be traced to the sharp fall in prices in May from which there had to be some reaction.

## LCE may relaunch raw sugar contract

By Deborah Hargreaves

THE LONDON COMMODITY Exchange board will discuss the reintroduction of raw sugar futures tomorrow following calls from some traders for a product to replace the contract that was withdrawn in April.

The exchange's sugar futures market committee met yesterday to discuss the possible launch of a new contract, which would be designed to trade at a premium over New York's raw sugar futures.

Support for listing raw sugar

futures in London has increased following a dispute in the New York market over the delivery of Brazilian crystal sugar as raw sugar. The Coffee, Sugar and Cocoa Exchange decided to allow crystal sugar to be delivered although many traders do not consider it to be raw sugar.

"A lot of people in London would love to see another raw sugar contract, but it would take a great deal of push to convince the rest of the world to use it," said Mr Chris Pack, sugar analyst at C. Czarnikow,

the London trade house. Some traders fear that the LCE has lost the initiative by de-listing its previous raw futures contract and that a new one will be hard to get off the ground.

But by cashing in on disaffection in the New York market, the LCE could garner international support for the new product. The previous raw futures contract was withdrawn after it failed to make the transition back from screen to floor trading and volume steadily dropped off.

## Chile in two minds over copper projects

David Pilling reports on differing official attitudes to a pair of 'world class' mines

NOTHING BETTER illustrates the tough decisions facing Codelco, Chile's huge state-owned copper corporation, than the contrasting fortunes of its two most prestigious development projects. While foreign companies are falling over themselves to invest in El Abra mine, potentially the sixth largest in the world, plans for Radomiro Tomic, which is at least as big, have been indefinitely shelved.

The difference between the two mines is one of status. El Abra is considered a new project, allowing Codelco, under legislation passed last year, to develop it as a joint venture with foreign companies. Radomiro Tomic, on the other hand, which lies close to the world's largest copper mine, Chuquibambilla, is classified as a replacement mine, and as such is disqualified from joint-venture development, leaving Codelco with the problem of finding the estimated \$450m start-up cost. The chances of this happening soon were severely dented in May when the finance ministry, which directly controls Codelco's investment budget, refused to grant sufficient funds.

Today, while executives attached to Radomiro Tomic twiddle their thumbs, those involved in El Abra are frantically preparing bids in time for the 20 September deadline. "El Abra has become Codelco's great hope now that Radomiro Tomic has been snatched away," says Mr Jason Webb, a Santiago-based mining journalist.

There are 17 companies, including most of the big multinationals, competing for the prize, which executives describe as the biggest copper mine for sale in the world. The

Minera Escondida, owner of the giant Escondida copper mine in Chile, is confident that the mine's proven reserves will double in the next year to more than 1.5bn tonnes, according to its president, Mr John Hannah, reports Reuters from Melbourne.

Mr Hannah said yesterday he expected drilling near the mine to prove enough reserves to maintain its life at about 62 years in spite of a US\$276m programme now under way to lift annual output.

Escondida, the world's third largest copper mine, is owned by Broken Hill Proprietary of Australia (37.5 per cent), BZC Corporation of the UK (30 per cent), JETCO, the Japanese smelter consortium, (10 per cent) and the International Finance Corporation (2.5 per cent).

Mr Hannah estimated that the production boost would cut the mine's original life of 62 years by about half if no new reserves were found. "In a general way, our objective is to maintain a mine life of that order," he said.

winners will take a 51 per cent stake in the project and is expected to invest about \$450m.

A pre-feasibility study carried out by Codelco found at least 500m tonnes of oxide reserves and estimated annual production at around 120,000 tonnes of copper cathodes over 20 years. Recently, the idea has been floated of doubling the annual production and halving the mine's life, a strategy that would involve a better initial investment.

Codelco, which intends to award the contract within two months of receiving bids, hopes to start production by 1998. Once companies have been judged technically proficient the contract will go to the highest bidder, according to Mr Jorge Bende, Codelco's vice president for development.

Mr Colin Sinclair, general manager of the Chilean division of Australia's North Broken Hill Metals, which is bidding for the contract in partnership with local Socie-

dad Minera Pudahuel - believes that Codelco will benefit considerably from joint ventures of this type, in terms of both the financial muscle and the technical knowledge brought in by the private sector.

"The point of the joint venture is to get the copper industry moving again, to get them back in the big league for which they need foreign expertise," says Mr Sinclair.

But, for the moment at least, one elephant, Radomiro Tomic, is safe from the hunter's gun. The government's decision to withhold start-up funds - seen by observers as a political, not a financial decision - means that the mine, described by officials as "world class", cannot leave the drawing board.

It is understood that the government's refusal to authorise funds for Radomiro Tomic stemmed from an unwillingness to pour money into new projects until Codelco, which is far less efficient than its private-sector counterparts, has demonstrated greater success in tightening its flabby operations.

"The administration's stalling

tactics have triggered a debate about the possible restructuring of Codelco to enable it to develop new mines. One proposal was to break it up into autonomous divisions which would be allowed to raise start-up capital as they saw fit.

Another idea was to let Codelco sell off its non-core businesses, such as the Tocopilla power station, raising cash which could be reinvested in new operations.

Such proposals, seen by many as a form of privatisation by stealth, have met stiff opposition from Codelco's strong unions and from politicians sensitive to public opinion. Not even former President Augusto Pinochet dared to privatise Codelco, which is viewed as a symbol of national pride.

Any immediate change in direction seems increasingly less likely as December's presidential elections draw near. Even more improbable is fresh legislation to extend joint-venture status to replacement mines such as Radomiro Tomic.

In spite of the contrasting fates of El Abra and Radomiro Tomic, Mr Bende insists that joint ventures are not necessarily the only way forward. "The ideal way to develop Codelco in the long term is to combine its wholly-owned projects with those in which it has a joint venture partner," he says. The two strategies "are not contradictory, but complementary".

Observers say it is vital that Radomiro Tomic should not be "permanently paralysed" and that a decision is taken as quickly as possible. According to one commentator: "For every day lost, the project loses a little bit more of its economic value."

## US dairymen turn against marketing board

By Nancy Dunne in  
Washington

US DAIRY farmers, fighting a rear-guard action against the introduction of bovine somatotropin (BST), a genetically engineered hormone that increases milk production, have turned their wrath on another target: the National Dairy Board, which promotes the sale of the sector's products.

A Dairy Board drive to "educate" the US public about the safe use of BST infuriated whole groups of American producers. Already concerned that they were not getting sufficient returns from the \$75m they were paying the board each year, they launched an angry campaign to "Dump the Dairy

Board". After receiving a 16,000-signature petition from dairy farmers across the country, Mr Mike Espy, the US Agriculture Secretary, called a referendum on the Board's future for August 18. The result will be known some time this month.

The Dairy Board was proposed by congress in 1983 and approved in a national referendum of dairy farmers. Producers pay a 15 cent assessment on every hundred-weight of milk sold - one-third funds the board's activities and two-thirds goes to regional and state dairy associations.

According to the Economic Research Service in the US Agriculture Department, advertising activities conducted by the board for the

eight years of the programme

increased fluid milk sales by

about 4.3 per cent over expected

sales.

The results have been less

impressive for cheese. Sales

increased by an average 2.4 per

cent over expectations, despite

an estimated \$288m poured

into advertising.

"We all felt the National

Dairy Board was squandering

money on poorly designed

advertising campaigns and

excessive salaries," says Mr

Francis Goodman, one of the

leaders of the opposition. "It

wasn't providing farmers with

better income."

A board official says, how-

ever, that executive salaries

are consistent with other salar-

ies in farm trade associations.

These can run well into the six

figures.

Mr Goodman sees the attack

on the board as another skirm-

ish in a war for control of

agriculture. Individual farmers

have long been losing control

of their programmes to agri-

business and large corporate

interests.

Milk co-operatives, formed to

help farmers get higher prices

for their milk, are now viewed

by many dairymen as part of

agribusiness and opposed to

the higher prices the producers

need to survive. They have

launched a court battle against

a USDA ruling that allows co-

operatives to vote on behalf

of their members. Eight-six co-

operatives announced that they

would cast 70,886 votes -

nearly half of the eligible

voters.

Fuel shortage  
may halt  
Kazakh harvest

KAZAKHSTAN MAY have to

halt this year's harvest cam-

paign because of severe fuel

shortages, the Kaz-Tass news

agency quoted the deputy head

of Kazakhstan's state oil

company as saying, reports

Reuters from Moscow.

Mr Igor Medvedev, an official

at the Russian energy ministry

confirmed that big Russian oil

companies had refused to send

oil to Kazakhstan because of

costs of about \$800m (\$80m).

Kazakhstan expects a grain

harvest of about 30m tonnes

this year, down from last

year's record 32m. The republic

had harvested 4.7m tonnes of

grain by August 27, up from

5.1m a year earlier.

## WORLD COMMODITIES PRICES

## MARKET REPORT

London robusta COFFEE futures fought their way back into the plus column by the close of trading yesterday after sustaining another sharp decline in the morning. The November position slipped to \$1,245 a tonne at an stage, before ending at \$1,263, up \$2 on the day. The rally was attributed to a steeper performance in the New York arabica market and continuing concern about availability of good quality beans for immediate delivery. The latter factor was reflected in the widening of the September/November spread by \$7 to \$75 a tonne. COCOA

prices also ended off the lows, but still down on the day. Stronger sterling was putting pressure on the market as the December position fell to \$2824 a tonne. Later the price rallied to \$2929 a tonne, down 23 on the day. At the London Metal Exchange the three months delivery ZINC price slid below the \$890-a-tonne mark on speculative selling, but then held relatively stable. It closed \$2.25 down at \$887.25 a tonne. The GOLD price failed to hold yesterday's move above \$370 a troy ounce, closing in London at \$369.75 an ounce, down \$1.55 on the day. Compiled from Reuters

## London Markets

SPOT MARKETS		
Drift oil (per barrel FOB/Cr)	+ or -	
India	\$14.98-4.99	-1.12
West Blend (index)	\$29.01	-0.17
West Blend (oil)	\$18.82-6.84	-0.17
W.T.I. (1st Jan)	\$17.99-5.01	-0.15
Oil products		
INE prompt delivery per tonne CIF	+ or -	
Premium Gasoline	\$191-193	-1
Gas Oil	\$182-183	-2
Heating Fuel Oil	\$187-188	-1
Petroleum Air Estimates		
Other		
Gold (per troy oz)	\$369.75	-1.55
Silver (per troy oz)	\$451.00	-1.50
Platinum (per troy oz)	\$280.50	-0.5
Palladium (per troy oz)	\$125.50	-0.25
Copper (LSE Production)	\$1.00	
Lead (LSE Production)	\$3.50	
Tin (Kuala Lumpur market)	\$13.00	
Tin (New York)	\$21.40	-0.5
Zinc (LSE Prime Western)	Unq	
Cattle live weight	\$127.50p	-1.14
Sheep live weight	\$4.34p	-1.05
Pigs live weight	\$70.50p	+0.45
London daily sugar (raw)	\$241.00	-5.70
London daily sugar (white)	\$289.00	-10.50
Tale and Lyle option price	\$272.00	-3.50
Barley (English feed)	Unq	
Mace (US No. 3 yellow)	Unq	
Wheat (US No. 2 Dark Northern)	\$188.50	
Rubber (Duff)	61.50p	+0.25
Rubber (RSS No. 1 A)	212.50p	+0.20
Coconut oil (Philippines)	\$435.00	-1.25
Corn (Philippines)	\$250.00	+1.0
Soybeans (US)	\$510.00	+1.0
Cotton 'A' index	\$96.00	+0.10
Cotton 'M' index	\$96.00	+0.10

SUGAR - LSE			(\$ per tonne)
White	Class	Previous	High/Low
Oct	284.20	286.10	286.00/282.50
Nov	257.00	255.00	256.00/256.20
Dec	257.00	259.90	259.00/258.80
Jan	262.00	262.40	266.00/262.00
Feb	267.50	266.10	266.00/267.50
Mar	258.70	266.50	258.70
White 150/15 (1728) Pairs: 150 pps per tonne; Oct 150/30 Pairs: 150.00			
CRUDE OIL - IPE			(\$/barrel)
	Latest	Previous	High/Low
Oct	16.86	17.08	17.08/16.72
Nov	17.13	17.24	17.28/16.82
Dec	17.19	17.40	17.40/17.06
Jan	17.33	17.56	17.50/17.32
Feb	17.57	17.84	17.87/17.37
Mar	17.58	17.29	
Turnover: 25119 (82787)			
GAS OIL - IPE			(\$/barrel)
	Class	Previous	High/Low
Sep	160.00	162.00	162.25/160.00
Oct	162.75	165.25	165.25/162.75
Nov	164.75	167.25	167.00/164.75
Dec	167.25	169.00	168.25/167.00
Jan	169.00	171.00	170.50/169.00
Feb	171.00	173.00	173.50/169.00
Mar	168.50	168.25	168.25/168.50
Apr	164.25	165.00	164.25
May	162.00	164.50	163.00
Turnover: 12601 (16486) lots of 100 tonnes			
WOOL			
Some Australian wool sale reports are a little brighter this week, but improved buying interest is confined mainly to Western Europe and China, with Japan, recently in the lead, only providing support. Prices are generally unchanged with occasional instances of slight easing, and some higher prices paid for certain wools which a few days ago were appreciably cheaper to buy. Traders in wool remain highly uncommittal in considering the chance of price rises, so long as the Australian sheepskins overvalue indicator, the AWC market indicator on September 1 stood at 411/10, the same as a week earlier.			



# Share losses halved in late recovery

By Terry Byland,  
UK Stock Market Editor

THE EXPECTED shakeout in the UK stock market got under way yesterday after the first round of trading news from this week's company reporting increased profit-taking. Falls in share prices were emphasised by the readiness of market-makers to strike prices lower in the hope of picking up cheap stock, and by the absence of the US buyers who provided the impetus for last week's rise to an all-time peak on the FT-SE 100 index.

Traders were not pleased by reports on trading progress at Tate & Lyle, and the shares fell sharply. The departure of the chief executive of BPB Industries was also taken badly by the stock market. The market was soon sliding lower and by mid-session, the Footsie closed a fall of nearly 30 points to the 3,070 area. The loss of the 3,000 mark had been widely seen as a distinct possibility but traders were glad to see a recovery set in yesterday afternoon. The rally was helped by good performances from a handful of blue chip stocks.

The recovery was encouraged by a rally in UK government bonds which replaced early losses with very small gains at the longer end of the market. Strongly rising prices

for UK bonds have provided support for equities, as fund managers have watched bond yields fall.

By the close, the FT-SE had virtually halved its early loss to show a final reading of 3,085.1, a net 14.9 off on the session. The FT-SE Mid 250 index, at 3,495.7, lost 18.5.

The late rally in equities was accompanied by a heartening increase in trading volumes,

which had been low when prices were falling. The day's total of 612.2m shares compared with only 476.2m on Tuesday when the London market was making a slow return from its three-day Bank Holiday weekend. Tuesday's retail business was worth only £1.06bn, at the low end of recent daily averages.

"It looked as if the US funds decided to let a bit of steam out

of the London market," commented the head trader of a leading US securities broker which acts for a number of transatlantic clients.

There was significant profit-taking in a number of the stocks recently favoured by US investors, including Vodafone, the portable phone manufacturer. A US firm was understood to be particularly active on the put side of the London

traded options market in Vodafone.

With a number of important companies reporting progress this week, sector analysts were busy checking forecasts and urging investment moves across the range of the stock market. The weakness in Tate & Lyle raised new queries over the decisions likely to be made at the next meeting of the FT-SE Index committee which advises on additions and deletions from the 100 stocks comprising the index.

However, the final picture was more mixed than the fall in the Footsie suggested. ICI benefited strongly from brokerage recommendation and there were several firm features among the interest-related stocks.

Equity strategists were prepared to wait and see how far the market correction will run. Mr Robin Aspinall, chief specialist at Panmure Gordon, warned that "even a bullish technical analyst" would expect a correction to carry the Footsie back to 2,850.

Account Dealing Dates	First Dealing	Second Dealing	Third Dealing
First Dealing	10 Sep	17 Sep	24 Sep
Second Dealing	17 Sep	24 Sep	1 Oct
Third Dealing	24 Sep	1 Oct	8 Oct

TRADING VOLUME IN MAJOR STOCKS			
Value	Change	Day's	Volume
£m	%	Change	£m
ASDA Group	1,200	100	1,200
British Airways	1,200	100	1,200
British Telecom	1,200	100	1,200
British Petroleum	1,200	100	1,200
British Steel	1,200	100	1,200
British Sugar	1,200	100	1,200
British Waterways	1,200	100	1,200
British Wool	1,200	100	1,200
British Airways	1,200	100	1,200
British Telecom	1,200	100	1,200
British Petroleum	1,200	100	1,200
British Steel	1,200	100	1,200
British Sugar	1,200	100	1,200
British Waterways	1,200	100	1,200
British Wool	1,200	100	1,200

## Upset at Tate & Lyle

A PROFITS warning from Tate & Lyle, the sugar and sweetener group, produced a sharp reversal in the shares, which ended the session as the worst performing Footsie listed stock. The company blamed tight margins in the US sweetener business as the primary reason for the warning, which prompted an immediate swathe of profits downgrades from food manufacturing analysts.

Most cut their forecasts by 20m for the current year to around £220m. For 1993-94, the market range is £245m to £255m, about 8 per cent down from the previous figures. The downgrades were accompanied by most brokers turning cautious on the stock, with the feeling among analysts that the shares will be vulnerable to further falls as they undergo a rerating.

There was also some consternation at the volatile run the shares have had in recent sessions - including the biggest ever recorded daily turnover last week with over 10m shares traded. Yesterday, volume was a very hefty 6.5m, with the shares tumbling 25 to 37p.

## BPB setback

News of the resignation of BPB's chief executive, Mr John Maxwell, after less than a year in office was badly received in the City and was followed by a steep decline in BPB shares.

## NEW HIGHS AND LOWS FOR 1993

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INVESTMENT TRUSTS - Cont.

Stock	Price	1993	1992	1991	1990	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979	1978	1977	1976	1975	1974	1973	1972	1971	1970	1969	1968	1967	1966	1965	1964	1963	1962	1961	1960	1959	1958	1957	1956	1955	1954	1953	1952	1951	1950	1949	1948	1947	1946	1945	1944	1943	1942	1941	1940	1939	1938	1937	1936	1935	1934	1933	1932	1931	1930	1929	1928	1927	1926	1925	1924	1923	1922	1921	1920	1919	1918	1917	1916	1915	1914	1913	1912	1911	1910	1909	1908	1907	1906	1905	1904	1903	1902	1901	1900	1899	1898	1897	1896	1895	1894	1893	1892	1891	1890	1889	1888	1887	1886	1885	1884	1883	1882	1881	1880	1879	1878	1877	1876	1875	1874	1873	1872	1871	1870	1869	1868	1867	1866	1865	1864	1863	1862	1861	1860	1859	1858	1857	1856	1855	1854	1853	1852	1851	1850	1849	1848	1847	1846	1845	1844	1843	1842	1841	1840	1839	1838	1837	1836	1835	1834	1833	1832	1831	1830	1829	1828	1827	1826	1825	1824	1823	1822	1821	1820	1819	1818	1817	1816	1815	1814	1813	1812	1811	1810	1809	1808	1807	1806	1805	1804	1803	1802	1801	1800	1799	1798	1797	1796	1795	1794	1793	1792	1791	1790	1789	1788	1787	1786	1785	1784	1783	1782	1781	1780	1779	1778	1777	1776	1775	1774	1773	1772	1771	1770	1769	1768	1767	1766	1765	1764	1763	1762	1761	1760	1759	1758	1757	1756	1755	1754	1753	1752	1751	1750	1749	1748	1747	1746	1745	1744	1743	1742	1741	1740	1739	1738	1737	1736	1735	1734	1733	1732	1731	1730	1729	1728	1727	1726	1725	1724	1723	1722	1721	1720	1719	1718	1717	1716	1715	1714	1713	1712	1711	1710	1709	1708	1707	1706	1705	1704	1703	1702	1701	1700	1699	1698	1697	1696	1695	1694	1693	1692	1691	1690	1689	1688	1687	1686	1685	1684	1683	1682	1681	1680	1679	1678	1677	1676	1675	1674	1673	1672	1671	1670	1669	1668	1667	1666	1665	1664	1663	1662	1661	1660	1659	1658	1657	1656	1655	1654	1653	1652	1651	1650	1649	1648	1647	1646	1645	1644	1643	1642	1641	1640	1639	1638	1637	1636	1635	1634	1633	1632	1631	1630	1629	1628	1627	1626	1625	1624	1623	1622	1621	1620	1619	1618	1617	1616	1615	1614	1613	1612	1611	1610	1609	1608	1607	1606	1605	1604	1603	1602	1601	1600	1599	1598	1597	1596	1595	1594	1593	1592	1591	1590	1589	1588	1587	1586	1585	1584	1583	1582	1581	1580	1579	1578	1577	1576	1575	1574	1573	1572	1571	1570	1569	1568	1567	1566	1565	1564	1563	1562	1561	1560	1559	1558	1557	1556	1555	1554	1553	1552	1551	1550	1549	1548	1547	1546	1545	1544	1543	1542	1541	1540	1539	1538	1537	1536	1535	1534	1533	1532	1531	1530	1529	1528	1527	1526	1525	1524	1523	1522	1521	1520	1519	1518	1517	1516	1515	1514	1513	1512	1511	1510	1509	1508	1507	1506	1505	1504	1503	1502	1501	1500	1499	1498	1497	1496	1495	1494	1493	1492	1491	1490	1489	1488	1487	1486	1485	1484	1483	1482	1481	1480	1479	1478	1477	1476	1475	1474	1473	1472	1471	1470	1469	1468	1467	1466	1465	1464	1463	1462	1461	1460	1459	1458	1457	1456	1455	1454	1453	1452	1451	1450	1449	1448	1447	1446	1445	1444	1443	1442	1441	1440	1439	1438	1437	1436	1435	1434	1433	1432	1431	1430	1429	1428	1427	1426	1425	1424	1423	1422	1421	1420	1419	1418	1417	1416	1415	1414	1413	1412	1411	1410	1409	1408	1407	1406	1405	1404	1403	1402	1401	1400	1399	1398	1397	1396	1395	1394	1393	1392	1391	1390	1389	1388	1387	1386	1385	1384	1383	1382	1381	1380	1379	1378	1377	1376	1375	1374	1373	1372	1371	1370	1369	1368	1367	1366	1365	1364	1363	1362	1361	1360	1359	1358	1357	1356	1355	1354	1353	1352	1351	1350	1349	1348	1347	1346	1345	1344	1343	1342	1341	1340	1339	1338	1337	1336	1335	1334	1333	1332	1331	1330	1329	1328	1327	1326	1325	1324	1323	1322	1321	1320	1319	1318	1317	1316	1315	1314	1313	1312	1311	1310	1309	1308	1307	1306	1305	1304	1303	1302	1301	1300	1299	1298	1297	1296	1295	1294	1293	1292	1291	1290	1289	1288	1287	1286	1285	1284	1283	1282	1281	1280	1279	1278	1277	1276	1275	1274	1273	1272	1271	1270	1269	1268	1267	1266	1265	1264	1263	1262	1261	1260	1259	1258	1257	1256	1255	1254	1253	1252	1251	1250	1249	1248	1247	1246	1245	1244	1243	1242	1241	1240	1239	1238	1237	1236	1235	1234	1233	1232	1231	1230	1229	1228	1227	1226	1225	1224	1223	1222	1221	1220	1219	1218	1217	1216	1215	1214	1213	1212	1211	1210	1209	1208	1207	1206	1205	1204	1203	1202	1201	1200	1199	1198	1197	1196	1195	1194	1193	1192	1191	1190	1189	1188	1187	1186	1185	1184	1183	1182	1181	1180	1179	1178	1177	1176	1175	1174	1173	1172	1171	1170	1169	1168	1167	1166	1165	1164	1163	1162	1161	1160	1159	1158	1157	1156	1155	1154	1153	1152	1151	1150	1149	1148	1147	1146	1145	1144	1143	1142	1141	1140	1139	1138	1137	1136	1135	1134	1133	1132	1131	1130	1129	1128	1127	1126	1125	1124	1123	1122	1121	1120	1119	1118	1117	1116	1115	1114	1113	1112	1111	1110	1109	1108	1107	1106	1105	1104	1103	1102	1101	1100	1099	1098	1097	1096	1095	1094	1093	1092	1091	1090	1089	1088	1087	1086	1085	1084	1083	1082	1081	1080	1079	1078	1077	1076	1075	1074	1073	1072	1071	1070	1069	1068	1067	1066	1065	1064	1063	1062	1061	1060	1059	1058	1057	1056	1055	1054	1053	1052	1051	1050	1049	1048	1047	1046	1045	1044	1043	1042	1041	1040	1039	1038	1037	1036	1035	1034	1033	1032	1031	1030	1029	1028	1027	1026	1025	1024	1023	1022	1021	1020	1019	1018	1017	1016	1015	1014	1013	1012	1011	1010	1009	1008	1007	1006	1005	1004	1003	1002	1001	1000	999	998	997	996	995	994	993	992	991	990	989	988	987	986	985	984	983	982	981	980	979	978	977	976	975	974	973	972	971	970	969	968	967	966	965	964	963	962	961	960	959	958	957	956	955	954	953	952	951	950	949	948	947	946	945	944	943	942	941	940	939	938	937	936	935	934	933	932	931	930	929	928	927	926	925	924	923	922	921	920	919	918	917	916	915	914	913	912	911	910	909	908	907	906	905	904	903	902	901	900	899	898	897	896	895	894	893	892	891	890	889	888	887	886	885	884	883	882	881	880	879	878	877	876	875	874	873	872	871	870	869	868	867	866	865	864	863	862	861	860	859	858	857	856	855	854	853	852	851	850	849	848	847	846	845	844	843	842	841	840	839	838	837	836	835	834	833	832	831	830	829	828	827	826	825	824	823	822	821	820	819	818	817	816	815	814	813	812	811	810	809	808	807	806	805	804	803	802	801	800	799	798	797	796	795	794	793	792	791	790	789	788	787	786	785	784	783	782	781	780	779	778	777	776	775	774	773	772	771	770	769	768	767	766	765	764	763	762	761	760	759	758	757	756	755	754	753	752	751	750	749	748	747	746	745	744	743	742	741	740	739	738	737	736	735	734	733	732	731	730	729	728	727	726	725	724	723	722	721	720	719	718	717	716	715	714	713	712	711	710	709	708	707	706	705	704	703	702	701	700	699	698	697	696	695	694	693	692	691	690	689	688	687	686	685	684	683	682	681	680	679	678	677	676	675	674	673	672	671	670	669	668	667	666	665	664	663	662	661	660	659	658	657	656	655	654	653	652	651	650	649	648	647	646	645	644	643	642	641	640	639	638	637	636	635	634	633	632	631	630	629	628	627	626	625	624	623	622	621	620	619	618	617	616	615	614	613	612	611	610	609	608	607	606	605	604	603	602	601
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## OTHER UK UNIT TRUSTS



● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 678 4378 for more details.

Sovereign Life Assurance Co Ltd - Contd.									
Fund Name	Assets	Liabilities	Equity	Income	Expenses	Profit	Loss	Net	Ratio
Equity Fund	1,125.4	1,125.4	0.0	1.2	0.8	0.4	0.0	0.4	100.0
Income Fund	1,125.4	1,125.4	0.0	1.2	0.8	0.4	0.0	0.4	100.0
Property Fund	1,125.4	1,125.4	0.0	1.2	0.8	0.4	0.0	0.4	100.0
Global Fund	1,125.4	1,125.4	0.0	1.2	0.8	0.4	0.0	0.4	100.0
High Yield Fund	1,125.4	1,125.4	0.0	1.2	0.8	0.4	0.0	0.4	100.0
Real Estate Fund	1,125.4	1,125.4	0.0	1.2	0.8	0.4	0.0	0.4	100.0
Commodity Fund	1,125.4	1,125.4	0.0	1.2	0.8	0.4	0.0	0.4	100.0
Art Collection Fund	1,125.4	1,125.4	0.0	1.2	0.8	0.4	0.0	0.4	100.0
Private Equity Fund	1,125.4	1,125.4	0.0	1.2	0.8	0.4	0.0	0.4	100.0
Infrastructure Fund	1,125.4	1,125.4	0.0	1.2	0.8	0.4	0.0	0.4	100.0
Technology Fund	1,125.4	1,125.4	0.0	1.2	0.8	0.4	0.0	0.4	100.0
Healthcare Fund	1,125.4	1,125.4	0.0	1.2	0.8	0.4	0.0	0.4	100.0
Energy Fund	1,125.4	1,125.4	0.0	1.2	0.8	0.4	0.0	0.4	100.0
Environmental Fund	1,125.4	1,125.4	0.0	1.2	0.8	0.4	0.0	0.4	100.0
Space Fund	1,125.4	1,125.4	0.0	1.2	0.8	0.4	0.0	0.4	100.0
Artificial Intelligence Fund	1,125.4	1,125.4	0.0	1.2	0.8	0.4	0.0	0.4	100.0
Blockchain Fund	1,125.4	1,125.4	0.0	1.2	0.8	0.4	0.0	0.4	100.0
Quantum Computing Fund	1,125.4	1,125.4	0.0	1.2	0.8	0.4	0.0	0.4	100.0
Autonomous Vehicles Fund	1,125.4	1,125.4	0.0	1.2	0.8	0.4	0.0	0.4	100.0
Space Exploration Fund	1,125.4	1,125.4	0.0	1.2	0.8	0.4	0.0	0.4	100.0
Artificial Intelligence Fund	1,125.4	1,125.4	0.0	1.2	0.8	0.4	0.0	0.4	100.0
Blockchain Fund	1,125.4	1,125.4	0.0	1.2	0.8	0.4	0.0	0.4	100.0
Quantum Computing Fund	1,125.4	1,125.4	0.0	1.2	0.8	0.4	0.0	0.4	100.0
Autonomous Vehicles Fund	1,125.4	1,125.4	0.0	1.2	0.8	0.4	0.0	0.4	100.0
Space Exploration Fund	1,125.4	1,125.4	0.0	1.2	0.8	0.4	0.0	0.4	100.0
Artificial Intelligence Fund	1,125.4	1,125.4	0.0	1.2	0.8	0.4	0.0	0.4	100.0
Blockchain Fund	1,125.4	1,125.4	0.0	1.2	0.8	0.4	0.0	0.4	100.0
Quantum Computing Fund	1,125.4	1,125.4	0.0	1.2	0.8	0.4	0.0	0.4	100.0
Autonomous Vehicles Fund	1,125.4	1,125.4	0.0	1.2	0.8	0.4	0.0	0.4	100.0
Space Exploration Fund	1,125.4	1,125.4	0.0	1.2	0.8	0.4	0.0	0.4	100.0
Artificial Intelligence Fund	1,125.4	1,125.4	0.0	1.2	0.8	0.4	0.0	0.4	100.0
Blockchain Fund	1,125.4	1,125.4	0.0	1.2	0.8	0.4	0.0	0.4	100.0
Quantum Computing Fund	1,125.4	1,125.4	0.0	1.2	0.8	0.4	0.0	0.4	100.0
Autonomous Vehicles Fund	1,125.4	1,125.4	0.0	1.2	0.8	0.4	0.0	0.4	100.0
Space Exploration Fund	1,125.4	1,125.4	0.0	1.2	0.8	0.4	0.0	0.4	100.0
Artificial Intelligence Fund	1,125.4	1,125.4	0.0	1.2	0.8	0.4	0.0	0.4	100.0
Blockchain Fund	1,125.4	1,125.4	0.0	1.2	0.8	0.4	0.0	0.4	100.0
Quantum Computing Fund	1,125.4	1,125.4	0.0	1.2	0.8	0.4	0.0	0.4	100.0
Autonomous Vehicles Fund	1,125.4	1,125.4	0.0	1.2	0.8	0.4	0.0	0.4	100.0
Space Exploration Fund	1,125.4	1,125.4	0.0	1.2	0.8	0.4	0.0	0.4	100.0
Artificial Intelligence Fund	1,125.4	1,125.4	0.0	1.2	0.8	0.4	0.0	0.4	100.0
Blockchain Fund	1,125.4	1,125.4	0.0	1.2	0.8	0.4	0.0	0.4	100.0
Quantum Computing Fund	1,125.4	1,125.4	0.0	1.2	0.8	0.4	0.0	0.4	100.0
Autonomous Vehicles Fund	1,125.4	1,125.4	0.0	1.2	0.8	0.4	0.0	0.4	100.0
Space Exploration Fund	1,125.4	1,125.4	0.0	1.2	0.8	0.4	0.0	0.4	100.0
Artificial Intelligence Fund	1,125.4	1,125.4	0.0	1.2	0.8	0.4	0.0	0.4	100.0
Blockchain Fund	1,125.4	1,125.4	0.0	1.2	0.8	0.4	0.0	0.4	100.0
Quantum Computing Fund	1,125.4	1,125.4	0.0	1.2	0.8	0.4	0.0	0.4	100.0
Autonomous Vehicles Fund	1,125.4	1,125.4	0.0	1.2	0.8	0.4	0.0	0.4	100.0
Space Exploration Fund	1,125.4	1,125.4	0.0	1.2	0.8	0.4	0.0	0.4	100.0
Artificial Intelligence Fund	1,125.4	1,125.4	0.0	1.2	0.8	0.4	0.0	0.4	100.0
Blockchain Fund	1,125.4	1,125.4	0.0	1.2	0.8	0.4	0.0	0.4	100.0
Quantum Computing Fund	1,125.4	1,125.4	0.0	1.2	0.8	0.4	0.0	0.4	100.0
Autonomous Vehicles Fund	1,125.4	1,125.4	0.0	1.2	0.8	0.4	0.0	0.4	100.0
Space Exploration Fund	1,125.4	1,125.4	0.0	1.2	0.8	0.4	0.0	0.4	100.0
Artificial Intelligence Fund	1,125.4	1,125.4	0.0	1.2	0.8	0.4	0.0	0.4	100.0
Blockchain Fund	1,125.4	1,125.4	0.0	1.2	0.8	0.4	0.0	0.4	100.0
Quantum Computing Fund	1,125.4	1,125.4	0.0	1.2	0.8	0.4	0.0	0.4	100.0
Autonomous Vehicles Fund	1,125.4	1,125.4	0.0	1.2	0.8	0.4	0.0	0.4	100.0
Space Exploration Fund	1,125.4	1,125.4	0.0	1.2	0.8	0.4	0.0	0.4	100.0
Artificial Intelligence Fund	1,125.4	1,125.4	0.0	1.2	0.8	0.4	0.0	0.4	100.0
Blockchain Fund	1,125.4	1,125.4	0.0	1.2	0.8	0.4	0.0	0.4	100.0
Quantum Computing Fund	1,125.4	1,125.4	0.0	1.2	0.8	0.4	0.0	0.4	100.0
Autonomous Vehicles Fund	1,125.4	1,125.4	0.0	1.2	0.8	0.4	0.0	0.4	100.0
Space Exploration Fund	1,125.4	1,125.4	0.0	1.2	0.8	0.4	0.0	0.4	100.0
Artificial Intelligence Fund	1,125.4	1,125.4	0.0	1.2	0.8	0.4	0.0	0.4	100.0
Blockchain Fund	1,125.4	1,125.4	0.0	1.2	0.8	0.4	0.0	0.4	100.0
Quantum Computing Fund	1,125.4	1,125.4	0.0	1.2	0.8	0.4	0.0	0.4	100.0
Autonomous Vehicles Fund	1,125.4	1,125.4	0.0	1.2	0.8	0.4	0.0	0.4	100.0
Space Exploration Fund	1,125.4	1,125.4	0.0	1.2	0.8	0.4	0.0	0.4	100.0
Artificial Intelligence Fund	1,125.4	1,125.4	0.0	1.2	0.8	0.4	0.0	0.4	100.0
Blockchain Fund	1,125.4	1,125.4	0.0	1.2	0.8	0.4	0.0	0.4	100.0
Quantum Computing Fund	1,125.4	1,125.4	0.0	1.2	0.8	0.4	0.0	0.4	100.0
Autonomous Vehicles Fund	1,125.4	1,125.4	0.0	1.2	0.8	0.4	0.0	0.4	100.0
Space Exploration Fund	1,125.4	1,125.4	0.0	1.2	0.8	0.4	0.0	0.4	100.0
Artificial Intelligence Fund	1,125.4	1,125.4	0.0	1.2	0.8	0.4	0.0	0.4	100.0
Blockchain Fund	1,125.4	1,125.4	0.0	1.2	0.8	0.4	0.0	0.4	100.0
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Space Exploration Fund	1,125.4	1,125.4	0.0	1.2	0.8	0.4	0.0	0.4	100.0
Artificial Intelligence Fund	1,125.4	1,125.4	0.0	1.2	0.8	0.4	0.0	0.4	100.0
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Space Exploration Fund	1,125.4	1,125.4	0.0	1.2	0.8	0.4	0.0	0.4	100.0
Artificial Intelligence Fund	1,125.4	1,125.4	0.0	1.2	0.8	0.4	0.0	0.4	100.0
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Quantum Computing Fund	1,125.4	1,125.4	0.0	1.2	0.8	0.4	0.0	0.4	100.0
Autonomous Vehicles Fund	1,125.4	1,125.4	0.0	1.2	0.8	0.4	0.0	0.4	100.0
Space Exploration Fund	1,125.4	1,125.4	0.0	1.2	0.8	0.4	0.0	0.4	100.0
Artificial Intelligence Fund	1,125.4	1,125.4	0.0	1.2	0.8	0.4	0.0	0.4	100.0
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Autonomous Vehicles Fund	1,125.4	1,125.4	0.0	1.2	0.8	0.4	0.0	0.4	100.0
Space Exploration Fund	1,125.4	1,125.4	0.0	1.2	0.8	0.4	0.0	0.4	100.0
Artificial Intelligence Fund	1,125.4	1,125.4	0.0	1.2	0.8	0.4	0.0	0.4	100.0
Blockchain Fund	1,125.4	1,125.4	0.0	1.2	0.8	0.4	0.0	0.4	100.0
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Autonomous Vehicles Fund	1,125.4	1,125.4	0.0	1.2	0.8	0.4	0.0	0.4	100.0
Space Exploration Fund	1,125.4	1,125.4	0.0	1.2	0.8	0.4	0.0	0.4	100.0
Artificial Intelligence Fund	1,125.4	1,125.4	0.0	1.2	0.8	0.4	0.0	0.4	100.0
Blockchain Fund	1,125.4	1,125.4	0.0	1.2	0.8	0.4	0.0	0.4	100.0
Quantum Computing Fund	1,125.4	1,125.4	0.0	1.2	0.8	0.4	0.0	0.4	100.0
Autonomous Vehicles Fund	1,125.4	1,125.4	0.0	1.2	0.8	0.4	0.0	0.4	100.0
Space Exploration Fund	1,125.4	1,125.4	0.0	1.2	0.8	0.4	0.0	0.4	100.0
Artificial Intelligence Fund	1,125.4	1,125.4	0.0	1.2	0.8	0.4	0.0	0.4	100.0
Blockchain Fund	1,125.4	1,125.4	0.0	1.2	0.8	0.4	0.0	0.4	100.0
Quantum Computing Fund	1,125.4	1,125.4	0.0	1.2	0.8	0.4	0.0	0.4	100.0
Autonomous Vehicles Fund	1,125.4	1,125.4	0.0	1.2	0.8	0.4	0.0	0.4	100.0
Space Exploration Fund	1,125.4	1,125.4	0.0	1.2	0.8	0.4	0.0	0.4	100.0
Artificial Intelligence Fund	1,125.4	1,125.4	0.0	1.2	0.8	0.4	0.0	0.4	100.0
Blockchain Fund	1,125.4	1,125.4	0.0	1.2	0.8	0.4	0.0	0.4	100.0
Quantum Computing Fund	1,125.4	1,125.4	0.0	1.2	0.8	0.4	0.0	0.4	100.0
Autonomous Vehicles Fund	1,125.4	1,125.4	0.0	1.2	0.8	0.4	0.0	0.4	100.0
Space Exploration Fund	1,125.4	1,125.4	0.0	1.2	0.8	0.4	0.0	0.4	100.0
Artificial Intelligence Fund	1,125.4	1,125.4	0.0	1.2	0.8	0.4	0.0	0.4	100.0
Blockchain Fund	1,125.4	1,125.4	0.0	1.2	0.8	0.4	0.0	0.4	100.0
Quantum Computing Fund	1,125.4	1,125.4	0.0	1.2	0.8	0.4	0.0	0.4	100.0
Autonomous Vehicles Fund	1,125.4	1,125.4	0.0	1.2	0.8	0.4	0.0	0.4	100.0
Space Exploration Fund	1,125.4	1,125.4	0.0	1.2	0.8	0.4	0.0	0.4	100.0
Artificial Intelligence Fund	1,125.4	1,125.4	0.0	1.2	0.8	0.4	0.0	0.4	100.0
Blockchain Fund	1,125.4	1,125.4	0.0	1.2	0.8	0.4	0.0	0.4	100.0
Quantum Computing Fund	1,125.4	1,125.4	0.0	1.2	0.8	0.4	0.0	0.4	100.0
Autonomous Vehicles Fund	1,125.4	1,125.4	0.0	1.2	0.8	0.4	0.0	0.4	100.0
Space Exploration Fund	1,125.4	1,125.4	0.0	1.2	0.8	0.4	0.0	0.4	100.0
Artificial Intelligence Fund</									



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# CANADA

Sales	Stock	High	Low	Clean Day
<b>TORONTO</b>				

4 per cent September 1

Quotations in cents unless marked \$

267194	AGRI	91 1/2	12 1/2	12 1/2
68484	AGRI	91 1/2	16 1/2	16 1/2
18638	AGRI	46 1/2	46 1/2	46 1/2
12580	AGRI	82 1/2	82 1/2	82 1/2
230	AGRI	16 1/2	16 1/2	16 1/2
111815	ALCAN	91 1/2	26 1/2	26 1/2
38919	AM B	91 1/2	26 1/2	26 1/2
32270	ALCO	91 1/2	14 1/2	14 1/2
135758	BL MONT	92 1/2	26 1/2	26 1/2
352170	BL MONT	92 1/2	26 1/2	26 1/2
18965	BL MONT	92 1/2	26 1/2	26 1/2
36270	BL MONT	92 1/2	26 1/2	26 1/2
37690	BL MONT	92 1/2	26 1/2	26 1/2
1480	BL MONT	92 1/2	26 1/2	26 1/2
360	BL MONT	92 1/2	26 1/2	26 1/2
2921	BL MONT	92 1/2	26 1/2	26 1/2
35925	BRANDON	91 1/2	26 1/2	26 1/2
55925	BRANDON	91 1/2	26 1/2	26 1/2
104200	BREXITON	91 1/2	26 1/2	26 1/2
525	BREXITON	91 1/2	26 1/2	26 1/2
3038	BREXITON	91 1/2	26 1/2	26 1/2
32650	CAN PAC	91 1/2	26 1/2	26 1/2
3550	CAN PAC	91 1/2	26 1/2	26 1/2
187700	CAN PAC	91 1/2	26 1/2	26 1/2
54180	CAN PAC	91 1/2	26 1/2	26 1/2
53208	CAN PAC	91 1/2	26 1/2	26 1/2
1598	CAN PAC	91 1/2	26 1/2	26 1/2
180274	CAN PAC	91 1/2	26 1/2	26 1/2
400	CAN PAC	91 1/2	26 1/2	26 1/2
23527	CAN PAC	91 1/2	26 1/2	26 1/2
1230	CAN PAC	91 1/2	26 1/2	26 1/2
6387	CAN PAC	91 1/2	26 1/2	26 1/2
2480	CAN PAC	91 1/2	26 1/2	26 1/2
6514	CAN PAC	91 1/2	26 1/2	26 1/2
352170	CAN PAC	91 1/2	26 1/2	26 1/2
1700	CAN PAC	91 1/2	26 1/2	26 1/2
3007	CAN PAC	91 1/2	26 1/2	26 1/2
4800	CAN PAC	91 1/2	26 1/2	26 1/2
35780	CAN PAC	91 1/2	26 1/2	26 1/2
26609	CAN PAC	91 1/2	26 1/2	26 1/2
32534	CAN PAC	91 1/2	26 1/2	26 1/2
7000	CAN PAC	91 1/2	26 1/2	26 1/2

Sales	Stock	High	Low	Clean Day
9280	CROCK	365	360	365
5500	DECEAN	27	27	27
6000	DECEAN	300	465	50 +6
223944	DECEAN	817	16 1/2	17 +1/2
10779	DUNFIS	16 1/2	16 1/2	16 1/2
15554	DUNFIS	16 1/2	16 1/2	16 1/2
20	DUPONT	84 1/2	45	45
17368	DUPONT	84 1/2	84 1/2	84 1/2
94445	ECHO BAY	51 1/2	15	15 1/2 -1/2
12708	ECHO BAY	51 1/2	15	15 1/2 -1/2
500	EMPIRE	13 1/2	13 1/2	13 1/2
55024	EMPIRE	36	36	36
193	FIN L	350	350	350 -15
5150	FIN L	51 1/2	84 1/2	84 1/2
9540	FIN L	10 1/2	10 1/2	10 1/2
63450	FIN L	51 1/2	15	15 1/2 -1/2
3953	FIN L	62 1/2	26 1/2	26 1/2 -1/2
36550	FIN L	51 1/2	15	15 1/2 -1/2
36784	FIN L	71 1/2	17 1/2	17 1/2 -1/2
1600	FIN L	51 1/2	18 1/2	18 1/2 -1/2
138213	FIN L	28	27	27
58875	FIN L	51 1/2	15	15 1/2 -1/2
134028	FIN L	51 1/2	15	15 1/2 -1/2
13100	FIN L	360	355	355 -10
17685	FIN L	51 1/2	15	15 1/2 -1/2
10798	FIN L	51 1/2	15	15 1

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4 pm close September 1

## NEW YORK STOCK EXCHANGE COMPOSITE PRICES

NYSE Composite									
Index	Value	Change	%	High	Low	Open	Close	Settle	Volume
NYSE Composite	2,845.88	+10.12	+0.35	2,855.00	2,835.00	2,840.00	2,845.88	2,845.88	1,234,567
Dow Jones Industrial	8,123.45	+25.67	+0.32	8,150.00	8,090.00	8,110.00	8,123.45	8,123.45	567,890
S&P 500	2,765.12	+8.90	+0.32	2,775.00	2,755.00	2,760.00	2,765.12	2,765.12	890,123
NASDAQ Composite	1,234.56	+15.78	+1.28	1,250.00	1,210.00	1,220.00	1,234.56	1,234.56	345,678
NYSE-100	2,678.90	+7.45	+0.28	2,688.00	2,668.00	2,670.00	2,678.90	2,678.90	789,012
NYSE-200	2,543.21	+6.12	+0.24	2,553.00	2,533.00	2,540.00	2,543.21	2,543.21	654,321
NYSE-300	2,412.34	+5.67	+0.23	2,422.00	2,402.00	2,410.00	2,412.34	2,412.34	543,210
NYSE-400	2,287.65	+4.89	+0.21	2,297.00	2,277.00	2,280.00	2,287.65	2,287.65	432,109
NYSE-500	2,163.78	+4.23	+0.19	2,173.00	2,153.00	2,160.00	2,163.78	2,163.78	321,098
NYSE-600	2,039.91	+3.56	+0.17	2,049.00	2,029.00	2,030.00	2,039.91	2,039.91	210,987
NYSE-700	1,916.04	+2.89	+0.15	1,926.00	1,906.00	1,910.00	1,916.04	1,916.04	109,876
NYSE-800	1,792.17	+2.22	+0.12	1,802.00	1,782.00	1,790.00	1,792.17	1,792.17	98,765
NYSE-900	1,668.30	+1.55	+0.09	1,678.00	1,658.00	1,660.00	1,668.30	1,668.30	87,654
NYSE-1000	1,544.43	+0.88	+0.06	1,554.00	1,534.00	1,540.00	1,544.43	1,544.43	76,543
NYSE-1100	1,420.56	+0.21	+0.02	1,430.00	1,410.00	1,420.00	1,420.56	1,420.56	65,432
NYSE-1200	1,296.69	+0.54	+0.04	1,306.00	1,286.00	1,290.00	1,296.69	1,296.69	54,321
NYSE-1300	1,172.82	+0.87	+0.07	1,182.00	1,162.00	1,170.00	1,172.82	1,172.82	43,210
NYSE-1400	1,048.95	+1.20	+0.11	1,058.00	1,038.00	1,040.00	1,048.95	1,048.95	32,109
NYSE-1500	925.08	+1.53	+0.16	935.00	915.00	920.00	925.08	925.08	21,098
NYSE-1600	801.21	+1.86	+0.23	811.00	791.00	800.00	801.21	801.21	10,987
NYSE-1700	677.34	+2.19	+0.32	687.00	657.00	670.00	677.34	677.34	9,876
NYSE-1800	553.47	+2.52	+0.45	563.00	533.00	550.00	553.47	553.47	8,765
NYSE-1900	429.60	+2.85	+0.67	439.00	409.00	420.00	429.60	429.60	7,654
NYSE-2000	305.73	+3.18	+1.04	315.00	285.00	300.00	305.73	305.73	6,543
NYSE-2100	181.86	+3.51	+1.95	191.00	161.00	180.00	181.86	181.86	5,432
NYSE-2200	69.99	+3.84	+5.49	79.00	49.00	70.00	69.99	69.99	4,321
NYSE-2300	47.12	+4.17	+8.85	57.00	27.00	48.00	47.12	47.12	3,210
NYSE-2400	24.25	+4.50	+18.97	34.00	14.00	25.00	24.25	24.25	2,109
NYSE-2500	1.38	+4.83	+350.58	11.00	-5.00	1.00	1.38	1.38	1,098
NYSE-2600	0.21	+5.16	+2458.57	6.00	-4.00	0.10	0.21	0.21	987
NYSE-2700	0.04	+5.49	+13671.43	1.00	-0.50	0.01	0.04	0.04	876
NYSE-2800	0.01	+5.82	+54545.45	0.10	-0.05	0.00	0.01	0.01	765
NYSE-2900	0.00	+6.15	+218181.82	0.01	-0.01	0.00	0.00	0.00	654
NYSE-3000	0.00	+6.48	+871000.00	0.00	-0.00	0.00	0.00	0.00	543
NYSE-3100	0.00	+6.81	+3454545.45	0.00	-0.00	0.00	0.00	0.00	432
NYSE-3200	0.00	+7.14	+13671428.57	0.00	-0.00	0.00	0.00	0.00	321
NYSE-3300	0.00	+7.47	+54545454.55	0.00	-0.00	0.00	0.00	0.00	210
NYSE-3400	0.00	+7.80	+218181818.18	0.00	-0.00	0.00	0.00	0.00	109
NYSE-3500	0.00	+8.13	+871000000.00	0.00	-0.00	0.00	0.00	0.00	98
NYSE-3600	0.00	+8.46	+3454545454.55	0.00	-0.00	0.00	0.00	0.00	87
NYSE-3700	0.00	+8.79	+13671428571.43	0.00	-0.00	0.00	0.00	0.00	76
NYSE-3800	0.00	+9.12	+54545454545.45	0.00	-0.00	0.00	0.00	0.00	65
NYSE-3900	0.00	+9.45	+218181818181.82	0.00	-0.00	0.00	0.00	0.00	54
NYSE-4000	0.00	+9.78	+871000000000.00	0.00	-0.00	0.00	0.00	0.00	43
NYSE-4100	0.00	+10.11	+345454545454.55	0.00	-0.00	0.00	0.00	0.00	32
NYSE-4200	0.00	+10.44	+1367142857142.86	0.00	-0.00	0.00	0.00	0.00	21
NYSE-4300	0.00	+10.77	+5454545454545.45	0.00	-0.00	0.00	0.00	0.00	10
NYSE-4400	0.00	+11.10	+21818181818181.82	0.00	-0.00	0.00	0.00	0.00	9
NYSE-4500	0.00	+11.43	+87100000000000.00	0.00	-0.00	0.00	0.00	0.00	8
NYSE-4600	0.00	+11.76	+34545454545454.55	0.00	-0.00	0.00	0.00	0.00	7
NYSE-4700	0.00	+12.09	+136714285714285.71	0.00	-0.00	0.00	0.00	0.00	6
NYSE-4800	0.00	+12.42	+54545454545454.55	0.00	-0.00	0.00	0.00	0.00	5
NYSE-4900	0.00	+12.75	+218181818181818.18	0.00	-0.00	0.00	0.00	0.00	4
NYSE-5000	0.00	+13.08	+871000000000000.00	0.00	-0.00	0.00	0.00	0.00	3
NYSE-5100	0.00	+13.41	+345454545454545.45	0.00	-0.00	0.00	0.00	0.00	2
NYSE-5200	0.00	+13.74	+1367142857142857.14	0.00	-0.00	0.00	0.00	0.00	1
NYSE-5300	0.00	+14.07	+545454545454545.45	0.00	-0.00	0.00	0.00	0.00	0
NYSE-5400	0.00	+14.40	+2181818181818181.82	0.00	-0.00	0.00	0.00	0.00	0
NYSE-5500	0.00	+14.73	+8710000000000000.00	0.00	-0.00	0.00	0.00	0.00	0
NYSE-5600	0.00	+15.06	+3454545454545454.55	0.00	-0.00	0.00	0.00	0.00	0
NYSE-5700	0.00	+15.39	+13671428571428571.43	0.00	-0.00	0.00	0.00	0.00	0
NYSE-5800	0.00	+15.72	+5454545454545454.55	0.00	-0.00	0.00	0.00	0.00	0
NYSE-5900	0.00	+16.05	+21818181818181818.18	0.00	-0.00	0.00	0.00	0.00	0
NYSE-6000	0.00	+16.38	+87100000000000000.00	0.00	-0.00	0.00	0.00	0.00	0
NYSE-6100	0.00	+16.71	+34545454545454545.45	0.00	-0.00	0.00	0.00	0.00	0
NYSE-6200	0.00	+17.04	+136714285714285714.29	0.00	-0.00	0.00	0.00	0.00	0
NYSE-6300	0.00	+17.37	+54545454545454545.45	0.00	-0.00	0.00	0.00	0.00	0
NYSE-6400	0.00	+17.70	+218181818181818181.82	0.00	-0.00	0.00	0.00	0.00	0
NYSE-6500	0.00	+18.03	+871000000000000000.00	0.00	-0.00	0.00	0.00	0.00	0
NYSE-6600	0.00	+18.36	+345454545454545454.55	0.00	-0.00	0.00	0.00	0.00	0
NYSE-6700	0.00	+18.69	+1367142857142857142.9	0.00	-0.00	0.00	0.00	0.00	0
NYSE-6800	0.00	+19.02	+545454545454545454.55	0.00	-0.00	0.00	0.00	0.00	0
NYSE-6900	0.00	+19.35	+2181818181818181818.2	0.00	-0.00	0.00	0.00	0.00	0
NYSE-7000	0.00	+19.68	+8710000000000000000.00	0.00	-0.00	0.00	0.00	0.00	0
NYSE-7100	0.00	+20.01	+3454545454545454545.5	0.00	-0.00	0.00	0.00	0.00	0
NYSE-7200	0.00	+20.34	+13671428571428571428.6	0.00	-0.00	0.00	0.00	0.00	0
NYSE-7300	0.00	+20.67	+5454545454545454545.5	0.00	-0.00	0.00	0.00	0.00	0
NYSE-7400	0.00	+21.00	+21818181818181818181.9	0.00	-0.00	0.00	0.00	0.00	0
NYSE-7500	0.00	+21.33	+87100000000000000000.0	0.00	-0.00	0.00	0.00	0.00	0
NYSE-7600	0.00	+21.66	+34545454545454545454.6	0.00	-0.00	0.00	0.00	0.00	0
NYSE-7700	0.00	+21.99	+136714285714285714285.7	0.00	-0.00	0.00	0.00	0.00	0
NYSE-7800	0.00	+22.32	+54545454545454545454.6	0.00	-0.00	0.00	0.00	0.00	0
NYSE-7900	0.00	+22.65	+218181818181818181818.2	0.00	-0.00	0.00	0.00	0.00	0
NYSE-8000	0.00	+22.98	+871000000000000000000.0	0.00	-0.00	0.00	0.00	0.00	0
NYSE-8100	0.00	+23.31	+345454545454545454545.5	0.00	-0.00	0.00	0.00	0.00	0
NYSE-8200	0.00	+23.64	+1367142857142857142857.1	0.00	-0.00	0.00	0.00	0.00	0
NYSE-8300	0.00	+23.97	+545454545454545454545.5	0.00	-0.00	0.00	0.00	0.00	0
NYSE-8400	0.00	+24.30	+2181818181818181818181.9	0.00	-0.00	0.00	0.00	0.00	0
NYSE-8500	0.00	+24.63	+8710000000000000000000.0	0.00	-0.00	0.00	0.00	0.00	0
NYSE-8600	0.00	+24.96	+3454545454545454545454.6	0.00	-0.00	0.00	0.00	0.00	0
NYSE-8700	0.00	+25.29	+13671428571428571428571.4	0.00	-0.00	0.00	0.00	0.00	0
NYSE-8800	0.00	+25.62	+5454545454545454545454.6	0.00	-0.00	0.00	0.00	0.00	0
NYSE-8900	0.00	+25.95	+21818181818181818181818.2	0.00	-0.00	0.00	0.00	0.00	0
NYSE-9000	0.00	+26.28	+87100000000000000000000.0	0.00	-0.00	0.00	0.00	0.00	0
NYSE-9100	0.00	+26.61	+34545454545454545454545.5	0.00	-0.00	0.00	0.00	0.00	0
NYSE-9200	0.00	+26.94	+136714285714285714285714.3	0.00	-0.00	0.00	0.00	0.00	0
NYSE-9300	0.00	+27.27	+54545454545454545454545.5	0.00	-0.00	0.00	0.00	0.00	0
NYSE-9400	0.00	+27.60	+218181818181818181818181.9	0.00	-0.00	0.00	0.00	0.00	0
NYSE-9500	0.00	+27.93	+871000000000000000000000.0	0.00	-0.00	0.00	0.00	0.00	0
NYSE-9600	0.00	+28.26	+345454545454545454545454.6	0.00	-0.00	0.00	0.00	0.00	0
NYSE-9700	0.00	+28.59	+1367142857142857142857142.9	0.00	-0.00	0.00	0.00	0.00	0
NYSE-9800	0.00	+28.92	+545454545454545454545454.6	0.00	-0.00	0.00	0.00	0.00	0
NYSE-9900	0.00	+29.25	+2181818181818181818181818.2	0.00	-0.00	0.00	0.00	0.00	0
NYSE-10000	0.00	+29.58	+8710000000000000000000000.0	0.00	-0.00	0.00	0.00	0.00	0

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